



LOMBARD

Avoiding a pay explosion

BY PETER RIDDELL

THE City believes that there will not be a repetition of the 1974-75 wage explosion during the next 12 months. Both the stock and foreign exchange markets, along with most forecasters, are assuming a rise in average earnings of between 12 and 17 per cent in the coming year. This compares with the Government's target of a 10 per cent rise but is well below the 25 to 30 per cent increases of three years ago. The belief rests on a combination of hope, hunch, guess and rough-and-ready arithmetical compromise. Yet it is possible to find specific reasons rather than mere hopes to support the view that there will not be a pay explosion...

Relationships

This does not necessarily undermine the long-term monetarist relationships, whatever chain of causation one prefers. But it does mean that a plausible theory of why we may not have a pay explosion in the next 12 months must rest on more immediate restraints, including the past monetary squeeze. The National Institute, for example, backs its view that a wages explosion on the scale of that of 1974-75, while possible, is unlikely to be repeated because of the impact of unemployment and of a probable fall in the rate of price inflation in the rest of this year. It admits that the memory of 1974-75 cuts both ways and that there are substantial pressures to correct the anomalies and distortions of the past two years. The Institute consequently projects a rise in earnings in the private sector of 20 per cent, with an overall rise of some 17 per cent.

But perhaps a key obstacle to a pay explosion—and indeed to the rises projected by the Institute—is the private sector's simply the ability of companies to pay such increases. A useful recent analysis by stockbrokers L. Messel argues that the movement of pay in the past decade has been affected by the state of company liquidity, and in particular that the rate of increase in earnings has not accelerated when the quantity of liquid assets held by the company sector has been at a historically low level in relation to wage bills.

Indirectly

The Government has frequently stated its intention to take a tough line in the public sector where many of the largest claims have so far been made. However, it is wishful thinking to suppose that cash limits will provide a previously undiscovered way to enforce wage ceilings since the limits are essentially concerned with public spending control and are on their own, they cannot be used as a realistic instrument of pay policy as such. It all comes back to whether the Government is prepared to enforce its industrial disputes to enforce its policy in the public sector. If it is not, then any will to resist in the private sector will be seriously weakened; but at present the City is probably right to be only moderately pessimistic on pay.

NORTH SEA OIL REVIEW

TARTAN POINTS THE WAY

TEXACO'S DECISION to proceed with the development of its Tartan Field is a welcome, if not totally unexpected, boost to Britain's offshore programme. For Tartan will be one of the second wave of fields which will help the country spin-out energy self-sufficiency in the 1980s. After the initial rush of development involving 14 North Sea fields, there was a pause of around two years. During the past 12 months four more groups have announced that they will exploit their finds. The first was Continental Oil with its Murchison Field. Recoverable reserves here are thought to be of the order of 360m barrels. The field, which straddles the U.K./Norwegian Median Line, should be on stream in 1980. Next came Mesa Petroleum which, earlier this year, announced the go-ahead for its small inshore Beatrice Field. Development of this field has been held up while the Government and local authorities examine various options for transporting ashore the peculiar type of Beatrice crude. British Petroleum, which this year bought a controlling interest in the Buchan Field, again a modest find, has already started installing some of the production equipment, although it has yet to receive Government approval for its plans to exploit the field through a converted semi-submersible rig. This brings us to Tartan. It was only a matter of time before Texaco would announce the go-ahead. For months it has been placing orders for platform equipment. The company confirmed this week that some £20m worth of contracts had been placed: 85 per cent with U.K. companies. It will be interesting to see whether this U.K. share is maintained when Texaco orders the platform and production units. These contracts will form the bulk of the £250m development costs for Tartan. Seven companies are in the running for the important platform order. They include all four U.K. yards capable of fabricating such steel structures (Redpath Dorman Long, Laird Offshore, McDermott's and Highland Fabricators) as well as three Continental companies: the Groont and Nederlands of the Amerikaaanse Pijpleiding Maatschappij (NAPM) of Holland

CONTRACTS

Some companies have gained the impression, perhaps with some justification, that the Government and British National Oil Corporation will help them gain contracts in the face of foreign competition. Aware that the EEC is watching the ordering position very closely, the Government has emphasised that it can only ensure that U.K. companies are given a "full and fair" opportunity to compete. The Department of Energy has still to sanction the Tartan development plan. It is possible that officials will wait until they are satisfied that the "full and fair" criteria have been met, at least with the main Tartan contracts. But there can be little doubt that approval will be given later this year. Texaco, the sole owner of Tartan, seems to be playing the development game with a straight bat. It has accepted state participation in the field. It has confirmed that most of the Tartan crude will be refined three Continental companies: the Groont and Nederlands of the Amerikaaanse Pijpleiding Maatschappij (NAPM) of Holland

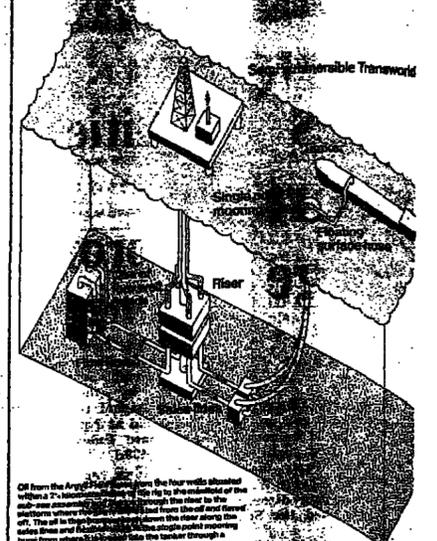
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There should be no conflict over wasted gas, for Texaco has agreed to send any associated gas not consumed for power via the Frigg pipeline to St. Fergus. It remains to be seen whether Texaco builds a completely new spur line to link up with the Frigg system or whether it will join Occidental in the proposed line from the Piper/Claymore complex. Texaco has also to decide how the oil will be taken ashore. Here again it could use Occidental's oil pipeline facilities, linked to Flotta in the Orkneys, or it might share British Petroleum's Forties line, linked to the Shetland Islands. The other, less likely, options would be a completely new pipeline or offshore loading. At least the company has pleased the Department of Energy in that it has chosen to exploit Tartan through a fixed platform rather than a converted semi-submersible rig. A Department spokesman told the Financial Times this week that the Government would take a lot of convincing that development through a semi-submersible system was acceptable. The comment has raised the eyebrows of many in the oil and offshore supplies industries. If, as the comment suggests, Government is to take a tough line over any development programme using other than a fixed platform, some sticky decisions need to be taken. British Petroleum, for instance, wants to use a floating system on its Buchan Field. It has argued that without such facilities, the exploitation of the field could not go ahead at this stage. Recoverable reserves, estimated in the industry to be between 115m, and 250m barrels, would not justify the installation of a deep water platform. The Energy Department is not altogether happy, hence its reticence to grant development approval. As with Tartan, there can be little doubt that the go-ahead will be given. Oil from both fields will be needed to offset the decline in production from earlier discoveries. But I would not be surprised if the permission is granted for only a limited period, subject to future reviews. To put it bluntly, the Government feels it is too easy for companies using a hired semi-

HOW OIL IS PRODUCED FROM TARTAN



Oil from the Tartan field is pumped from the four wells situated on the platform through a 100m pipeline to the 150m diameter storage tanks on the platform. The oil is then pumped through a 100m pipeline to the 150m diameter storage tanks on the platform. The oil is then pumped through a 100m pipeline to the 150m diameter storage tanks on the platform.

The field, with 150m barrels of recoverable reserves, is according to Messel, Wood, Mackenzie and the less probable of the North Sea's commercial discoveries. The expected platform has been further delayed by the delay in Heath's statement. Production is originally expected to start in the first quarter of 1980 but this has been pushed back by four to six months because of recent damage to the platform. A pile, used to secure the platform on the seabed, was accidentally dropped while it was being installed. It smashed against one of the legs of the platform, breaking off a small portion of the steel supporting structure. Although the platform is safe, certainly able to stand up to the worst waves and weather in its present condition, it must be strengthened before further equipment is installed. Heath could demonstrate the economic precariousness of developing a small field with expensive fixed equipment if the Government is keen to see estic oil flowing.

TV/Radio

- 6.20 Nationwide.
6.30 The Wonderful World of Disney.
7.40 The Liver Birds.
8.10 Miss United Kingdom 1977.
9.00 News.
9.25 Rough Justice.
10.15 A Secret England (London and South-East only).
10.45 Regional News.
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F.T. CROSSWORD PUZZLE No. 3456

Crossword puzzle grid with numbers 1-29 indicating starting positions for clues.

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TENNIS

BY JOHN BARRETT IN NEW YORK

Evert hits top form

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RACING

BY DOMINIC W

Lady Lindsay looks safe

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WE THE LIMBLESS LOOK TO YOU FOR HELP



AMERICAN NEWS

Poll shows ignorance of energy crisis

An indication that only 33 per cent of the American people believe that the country's potential energy shortage is as serious as President Carter claims was given in a poll published yesterday...

Puerto Rico vote

The U.S. will continue to maintain that the United Nations does not have jurisdiction over Puerto Rico, if the U.N. decolonisation committee votes this week to declare the U.S. commonwealth a colony...

Jet engine explodes

AN ENGINE on a Trans-World Airlines Boeing 747 carrying 222 passengers in Rome exploded shortly after takeoff from New York's Kennedy Airport early yesterday...

U.S.-Cuba links

The U.S. diplomatic mission to Cuba formally opened yesterday with a low-key ceremony in another step on the road towards normal relations between the two countries...

Major U.S. textile company convicted in unionisation case

THE company which has been described as the worst labour relations law violator in the U.S., the giant J. P. Stevens textile corporation, was convicted of contempt of court in Manhattan yesterday and sentenced by the judge for failing to "abide by the law of the land."

Pertamina's former chief avoids SEC prosecution

LIEUTENANT-GENERAL Ibnu Sutowo, the former chief executive of Pertamina, the Indonesian state oil company, has avoided prosecution for fraud by consenting to Securities and Exchange Commission (SEC) charges that he defrauded 54 American and foreign companies of \$1.1m...

Wholesale prices up 0.1% in August

WASHINGTON, Sept. 1. U.S. wholesale prices rose last month by a tiny 0.1 per cent, again largely because of lower farm prices. This fractional increase follows two months of declines—of 0.1 per cent in July and 0.7 per cent in June...

Information agencies move

WASHINGTON, Sept. 1. PRESIDENT CARTER is expected to recommend the merger of the U.S. Information Agency and the State Department's Bureau of Educational and Cultural Affairs...

WORLD TRADE NEWS

French win £50m. Soviet foods deal

PARIS, Sept. 1. THREE FRENCH companies and a U.S. group have won a major contract worth some Frs.430m. (about \$50m.) for the building of a large baby food production complex in the Soviet Union...

Toshiba buys U.K. speakers

Toshiba (UK), the British-based TV and audio marketing subsidiary of the Tokyo Shibaura Electric Company, is to buy several thousand pairs of loudspeakers from Stockport manufacturers Farnell Acoustics...

Nigerian success

Financial Times Reporter GE. Telecommunications has received export orders worth nearly £13m. for transmission systems as part of the national development programme in Nigeria...

Libyan funds for Turkey

Turkey and Libya have decided to make joint investments in seven industrial projects in Turkey requiring funds in excess of \$570m. Mr. Güzhan Asiltürk, Turkish Minister of Industry and Technology...

India to manage Saudi port

INDIA has won a \$10m. contract from Saudi Arabia for managing the new Yanbu construction support port to be established there. The contract is the first of its kind and the port will be run by the public sector Dredging Corporation of India...

Iraqi contract

TOKYO, Sept. 1. Toyo Menka Kaisha has won a ¥6bn. contract from Iraq to build an electric power plant equipped with four gas turbine engines which will be built in Taj 40 kilometres north of Baghdad...

Ossola to visit Algeria to discuss major contracts

ROME, Sept. 1. THE ITALIAN foreign trade minister, Sig. Rinaldo Ossola, is scheduled to visit Algeria later this month in an attempt to finalise several major Italian contracts in the North African country...

Dutch dispute over IIT company

DUTCH trade unions have decided to back the works council of Konl, the Dutch manufacturer of shock absorbers, which is resisting the company's tentative plans of establishing production facilities in the U.S. Konl has been part of the IIT company since April 1972...

Jordan considers Airbus as mainstay airliner

THE multinational European more Boeing 747 Jumbo jets in Airbus airliner is being seriously considered as a replacement for the Boeing 707 now used on medium-haul routes to Europe and in the Middle East...

Pall of debt over Leipzig

THE LARGEST of the East-West trade exhibitions, the week-long Leipzig trade fair, opens on Sunday at a time when the trade deficits of Comecon countries are continuing to increase. East Germany for example has a cumulative debt to the West approaching DM13bn...

TWA. Four times a day to New York. 10.35, 12.00 (747), 13.10, 17.00. Call your travel agent or TWA. N°1 across the Atlantic. TWA logo and aircraft illustration.

PRESIDENT CARTER AND THE LANCE AFFAIR A test for the new morality

THE BERT LANCE problem has two dimensions: whether President Carter's ability to exercise moral and political leadership is being impaired because of an excess of loyalty to an old friend, and the propriety of the latitude granted to bankers and businessmen in the conduct of their personal financial affairs...

# THE RHODESIAN SETTLEMENT PROPOSALS

PROPOSALS WHICH would effectively establish a limited period of British rule in Rhodesia for the first time ever were published simultaneously in London and Salisbury yesterday. Backed by the U.S. Government, the proposals call for the resignation of Mr. Ian Smith's Government and the replacement by an interim government.

ment issued by a British resident Commissioner who would have full executive and legislative powers and have ultimate control over the armed forces and police.

UN representative and his team would work alongside the British Resident Commissioner.

Sanctions would be lifted once Mr. Smith's Government had agreed to hand over to the Commissioner and the relevant legislation had been passed in the U.K. Parliament. Rhodesia would

become independent as Zimbabwe in 1978, following general elections supervised by the Commissioner and "observed" by the UN representative.

A constitution would then enter into force which would include a Bill of Rights allowing appeal to the courts. There would be a single chamber Parliament in which

one-fifth of the members would be indirectly elected to "give adequate representation to minority communities."

These members to be chosen by the directly-elected ZIPs—would not be able to block legislation. But the constitution could not be amended to abolish their seats for at least eight years after independence.

## U.K. appointee to head team

THE PROPOSALS include provisions for the establishment of an interim administration to cover the period between the resignation of the present Rhodesian Government and the installation of an elected government of an independent Zimbabwe.

Although "it is impossible to lay down an exact timetable" the transition period should last six months, during which sanctions would be gradually eased.

The "basic premise" of the transition proposal is that "the present illegal régime will surrender power to the interim administration which will be installed peacefully. The administration is to be headed by a British appointed Resident Commissioner, who will work with a special representative appointed by the Secretary General of the U.N."

## Transition

the elections are fair and impartial.

On this key question of law and order during the transition the proposals say that "primary responsibility" will rest with the police forces acting under the Resident Commissioner. The UN representative however "may appoint liaison officers to the police forces."

The Resident Commissioner will be in full charge of the interim administration, subject only to instructions from the British Government. He will have full executive and legislative powers, there will be no parliament, and he will not be advised or assisted by ministers.

## Westminster model to be employed

THE CONSTITUTION is modelled on "Westminster" lines, although the proposals state that instead of the suggested executive President and Vice-President there could be a Prime Minister and constitutional President.

The main provisions are for a National Assembly, elected on universal suffrage (voting age indirectly elected "to give adequate representation to minority communities.") There is a justiciable Bill of Rights, provisions for an independent judiciary and a non-political civil service.

The President will be elected by universal suffrage but must be endorsed by half of the National Assembly, from which he must choose "a limited number of ministers."

## The Constitution

Although the exact way this will be achieved "will be a matter for further discussion," the proposals say that Parliament may only abolish provisions for the SEM seats after the life of two Parliaments, or after eight years (whichever is the longer).

Parliament makes laws, and the President may not withhold his consent for more than six months unless he then dissolves Parliament and calls new elections within two months.

The Bill of Rights (with "provision on the lines of those in the constitutions of other recently independent Commonwealth countries") guarantees 13 fundamental freedoms, including life, liberty, conscience, association, movement and freedom from discrimination.

## These rights have been, are being or are likely to be infringed...

The most senior judicial, police and civil service appointments will be made by the President, but there will be Judicial, Police and Civil Service Commissions to regulate general affairs of the three services.

The plan states: "The constitution will protect the pensions of all public officers (including past officers). Pensions may not be altered to an officer's disadvantage; and pensions of those compulsorily retired to facilitate the reconstruction of the service" will be freely re-mitted abroad.

There are provisions designed to ensure as clear as possible, definition of Zimbabwean citizenship, but in a footnote the proposals state that any citizen of the U.K. and colonies who surrenders his citizenship to acquire that of another Commonwealth state, "is entitled to regain U.K. citizenship subsequently under the British Nationality Act 1964."

## New army based on 'liberation forces'

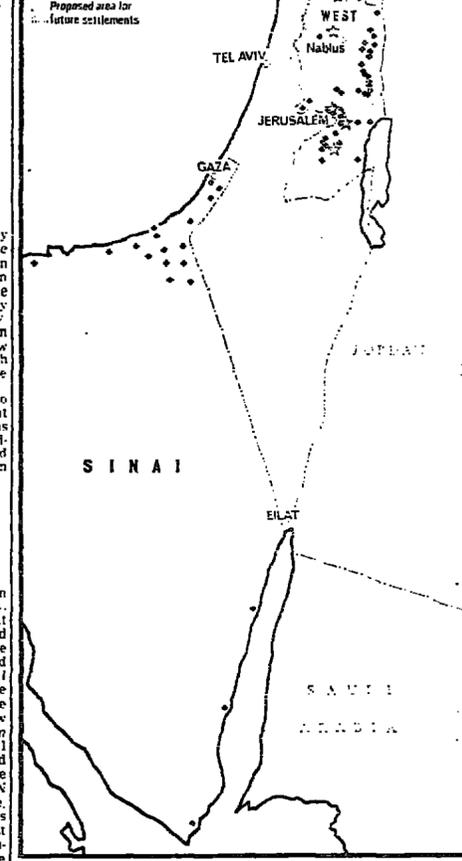
DETAILS on the crucial security arrangements to back up the proposed interim administration in Rhodesia were not included in the White Paper but were the subject of a special statement by Dr. Owen, the Foreign Secretary, in Salisbury yesterday. Dr. Owen proposes the creation of a new Zimbabwe Army, which, though open to all citizens, would "be based on the liberation forces."

It is specifically proposed to disband units of the present Rhodesian forces—the Selous Scouts are named—but disbandment of both the Rhodesian and the liberation armies is an implied if not specific condition of the creation of a new army.

The statement declares that the objectives of the U.K. and U.S. Governments are to organise the maintenance of law and order during the transitional period and to create "the single army of Zimbabwe." While primary responsibility for law and order during the transition will lie with the police (who will have a new Commissioner and some members appointed by the UN special representative) a UN force will supervise the ceasefire.

## OTHER OVERSEAS NEWS

### ISRAELI SETTLEMENTS IN THE OCCUPIED TERRITORIES



Approximate populations of Israeli-occupied Arab territories—

Territory	Arab	Jews
West Bank	650,000	4,000
Golan Heights	8,900	3,000
Gaza Strip	400,000	2,000
Sinai	—	1,000

The Bedouin population is probably in the low thousands. The preliminary return of the most recent of the Israeli census records 147,000 Egyptians as being in "occupied territories," and this may include the Gaza Strip which is not technically part of Egypt. The five planned Jewish settlements on the West Bank are to be situated—

- About ten kilometres from Jerusalem on the road to Jericho.
- Just north of Jerusalem.
- West of Jenin.
- At Sebastia, north-west of Nablus.
- South of Bethlehem.

## Major resettlement plan by Israel on West Bank

A PLAN for a major Jewish settlement on the occupied West Bank of Jordan is currently being prepared under the direct guidance of Mr. Ariel Sharon, Israel's Minister of Agriculture, the man in charge of Jewish settlement in occupied Arab territory.

The apparent aim of the plan is to surround the Arab population centres on the West Bank by Jewish towns and settlements in order to effect a permanent further growth of these Arab areas.

The Sharon plan, as it is called in a report in the mass-circulation afternoon paper Ma'ariv today, seeks to overcome the security problem created by the existence of areas inhabited solely by Arabs.

Implementing this plan would require thousands of Jews to move to the new urban centres in agricultural settlements. However, there is some doubt whether enough people will be available for such a project.

All of the settlements set up in the occupied territories since the 1967 war remain small, and the few urban centres which have been started generally have many empty flats.

Earlier this week it was revealed that Israel is concerned by the declining percentage of Jews in the Galilee area which has the highest percentage of Arabs in Israel and by the need to step up sharply the number of Jews settling on the occupied Golan Heights.

Mr. Sharon and his officials today either refused to comment on the report or became totally inaccessible. However, all the indications are that the report is broadly correct. After being finalised it will have to be approved by the Cabinet before it can be implemented.

The planners are working broadly along the lines of the settlement programme prepared before the May 17 general election by the Likud Party.

The plan is for three urban centres to be built around Jerusalem and two more urban centres in the northern section of the West Bank. In addition a number of agricultural settlements as well as some industrial plants are envisaged.

Detailed planning is also reportedly going ahead for a network of roads to dissect the West Bank both on a north-south line and an east-west line.

## Pakistan politicians must state their assets

ISLAMABAD, Sept. 1. GENERAL ZIA-UL-HAQ, Pakistan's military ruler, today ordered all candidates in the October 15 general election to submit to the election commission details of their financial assets and liabilities between December 1976 and July 1977, the period of Mr. Z.A. Bhutto's Government. Any candidate found to have acquired wealth illegally will be disqualified.

This could prove a body blow to Mr. Bhutto and his Pakistan Peoples Party, who are widely suspected of having used their time in office to better themselves financially.

General Zia announced the move in a major speech at a Press conference in Rawalpindi. During the conference he was pressed by journalists on the issue of public disclosure of the findings of current investigations into alleged abuses under the Bhutto régime, which the general ordered today. He sidestepped the issue, saying merely that he would not try to suppress private actions against Mr. Bhutto. But informed sources said action may be taken to speed up hearings of private actions already under way, which are stumbling through preliminary stages with frequent adjournments.

## Somali leader returns after Cairo arms talks

PRESIDENT SIAD Barre of Ethiopia has effectively demolished this assertion. President Siad Barre met President Sadat on Wednesday night, on his way back from an announced visit to Moscow during which he may have asked for more arms supplies. The Somali armed forces are largely equipped with Soviet weapons, but in the current conflict, the Soviet Union has been accused of an important airlift of military material to Ethiopia, and has been accused by Somali leaders of backing Ethiopia.

Following the meeting between the two presidents, an Egyptian official said that their two viewpoints were "in agreement," but there was no further statement.

It is thought that President Barre may have been playing to the Egyptian leader's profound antipathy to Soviet activities in Africa. Earlier this year, Mr. Sadat sent air force assets to Zaire, the Shaba insurgency having been seen in Cairo as a "threat to the back door of Egypt."

## Gandhi passport denied due to investigations

BY K. K. SHARMA NEW DELHI, Sept. 1. MR. MORARJI DESAI, the Indian Prime Minister, today indicated that Mrs. Indira Gandhi, the former Premier, would not be given a passport for which she had applied. "It is difficult to give a passport when investigations are pending," he said.

Mr. Desai confirmed that Mrs. Gandhi had made an application for a passport in place of the diplomatic passport she has surrendered.

The Prime Minister's statement comes after the indication given a few days ago by Mr. Charan Singh, the Home Minister, that the "net is coming closer" to "bigger persons." This was in the context of the arrest last week of five of Mrs. Gandhi's top advisers, including Mr. Bansi Lal, her Defence Minister.

Mr. Desai also justified the recent police raid on the opposition Congress Party headquarters in Punjab on the grounds that the government had to take action "when a reasonable offence has taken place," even though no formal complaint had been made.

## S. Africa Press threat

BY QUENTIN PEEL JOHANNESBURG, Sept. 1. OFFICIAL criticism of South Africa's leading black newspaper, The World, has been fuelled by renewed attacks from Mr. John Vorster, the Prime Minister, and Mr. Jimmy Kruger, the Minister of Police and Justice.

Members of a 3,000-strong audience in Durban cried "ban them" as the Prime Minister read out excerpts from an editorial in The World, other newspapers reported today. The article called on whites in South Africa to abandon their privileges and submit to "majority rule in a non-racial society."

## Japan economic growth up 1.9%

TOKYO, Sept. 1. JAPAN'S ECONOMY grew by 1.9 per cent in the second quarter and almost the entire increase is put down to domestic components rather than exports, according to figures released this evening by the Economic Planning Agency (EPA). The EPA figures for growth between April and June show a slowing in the economy since the 2.5 per cent increase in GNP between January and March, but are still well ahead of the year ago level.

## Meat boycott in Lebanon

BEIRUT, Sept. 1. FORCES which battled in the Lebanese civil war joined today to back a consumer boycott to try to reduce soaring meat prices.

## Kodak instant camera plans

ROCHESTER, N.Y., Sept. 1. Eastman Kodak said it will soon be marketing its newest instant camera, The Handle, worldwide. The company said European dealers will receive deliveries this month and dealers in Asia, Africa, Australasia and Latin America in October. The camera will be known as the EK2 in some markets.

ntic

ever, pushed Japan's foreign exchange reserves at the end of August to \$17.75bn, the Ministry said today.

Members of a 3,000-strong audience in Durban cried "ban them" as the Prime Minister read out excerpts from an editorial in The World, other newspapers reported today. The article called on whites in South Africa to abandon their privileges and submit to "majority rule in a non-racial society."

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EUROPEAN NEWS

French coalition members draw up joint manifesto

By Robert Mauthner

PARIS, Sept. 1

THE FRENCH Government coalition parties have reached a compromise on a joint election manifesto for the general election next spring...

Reflation welcomed by industry

By Robert Mauthner

PARIS, Sept. 1

THE REFLECTIONARY package which will be injected into the economy, announced by the Government yesterday, has been welcomed by industry...

W. German new orders drop 2%

By Adrian Dicks

BONN, Sept. 1

FURTHER CONCRETE evidence of the slowdown in the West German economy came today from official statistics showing a two per cent drop in new orders received by industry during July...

Danish crisis resolved

By Hilary Barnes

COPENHAGEN, Sept. 1

DENMARK'S LATEST parliamentary crisis was resolved late last night when the Social Democratic minority Government and three opposition parties reached agreement on a series of economic stabilisation measures...

Diamond shares takeover by Angola

By Our Own Correspondent

LISBON, Sept. 1

THERE WAS an offer to reacquire Lisbon today to an unexpected Angolan announcement that the Government was taking majority control of the giant Diamang Diamond Co. in Chitato, a north-eastern province...

Italian commercial banks cut prime rate by 1.5%

By Paul Betts

ROME, Sept. 1

ITALY'S LEADING commercial banks tonight cut their leading rate to prime borrowers by one and a half points, from 16.5 per cent to 17.0 per cent...

Earthquake official resigns

By Our Own Correspondent

ROME, Sept. 1

SIG. GIUSEPPE Zamberletti, an Italian Under-Secretary for the Interior and the former Government special commissioner for the Friuli earthquake region...

Suarez asks Italian help on EEC

By Our Own Correspondent

ROME, Sept. 1

THE Spanish Prime Minister, Adolfo Suarez, continued his European tour here today with talks with the Italian Premier, Sig. Giulio Andreotti...

Dismay over Finland devaluation

By Lance Keyworth

HELSINKI, Sept. 1

THE FINNISH Government's decision to devalue the markka has been met with incredulity and anger in industrial circles here...

Cypriot row boils up over Famagusta

Nicosia, Sept. 1

TURKISH Cypriot authorities have posted the largest number of Turkish Cypriot refugee families in the city of Famagusta...

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No.1 across the Atlantic

TWA logo

ON OTHER PAGES: International Company News: Bid for Chemtech 28/29 Farming and Raw Materials: Australia rejects Japan sugar offer

Strike by Spain shoe workers hits exports

By Diane Smith

MADRID, Sept. 1

THE STRIKE by 50,000 of Spain's 70,000 footwear workers shows no signs of ending. Management and workers have hardened their positions since the strike began 10 days ago...

Footwear accounts for nearly 6 per cent of Spanish exports

Footwear accounts for nearly 6 per cent of Spanish exports (one in five pairs of shoes worn in the United States comes from Spain and Spain is the OECD's third largest shoe producer)...

Spain's foreign trade figures indicate that Spanish sales abroad are steadily improving

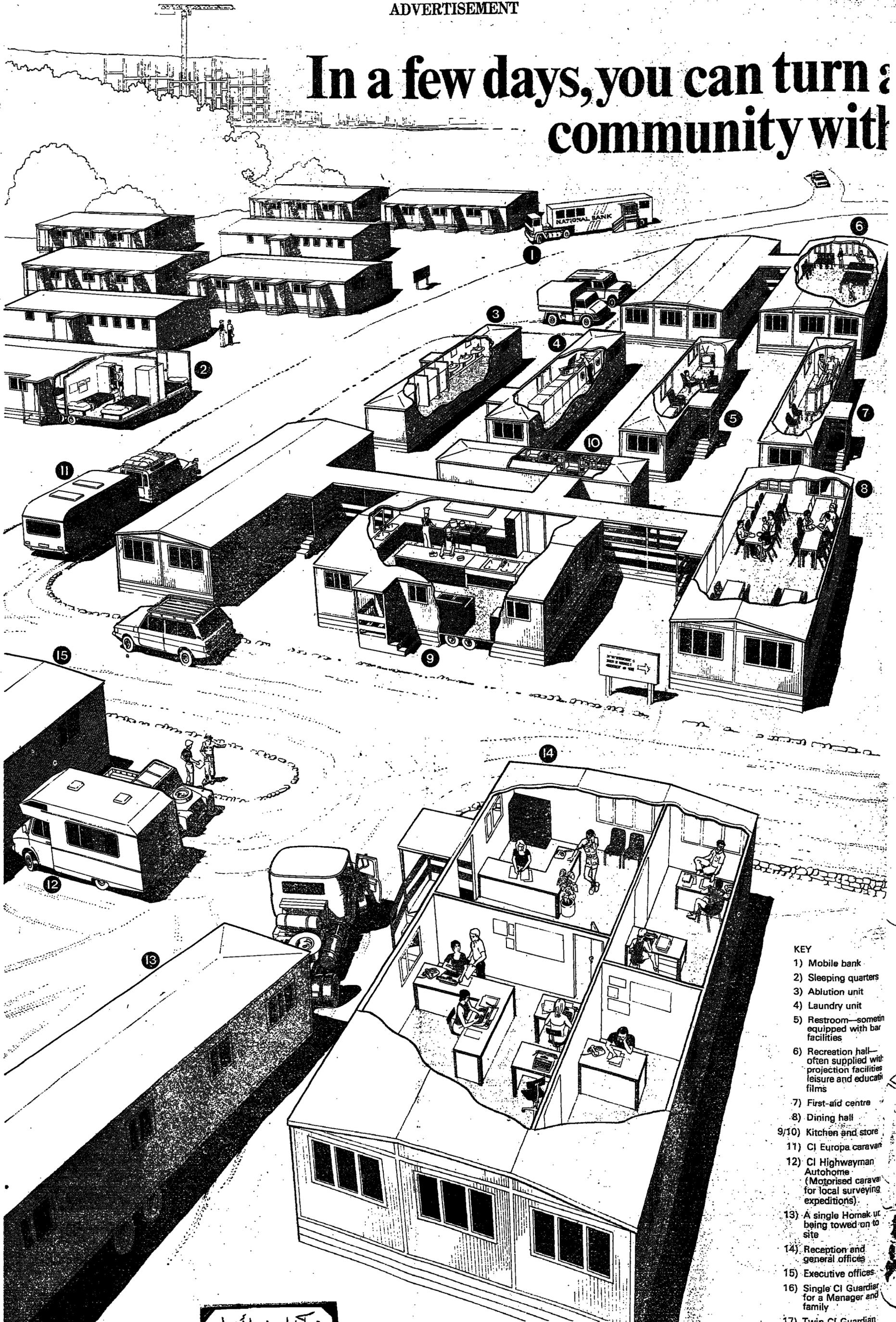
Spain's foreign trade figures indicate that Spanish sales abroad are steadily improving. Industrial exports representing 75 per cent of foreign sales, rose to \$246,530,000—13.1 per cent higher than the previous month and 12.1 per cent higher than July 1976...

SAAB Dealers list with addresses and phone numbers across various regions including London, Birmingham, Manchester, and other cities.



ADVERTISEMENT

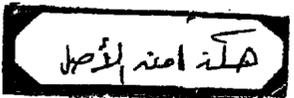
# In a few days, you can turn a community with



- KEY
- 1) Mobile bank
  - 2) Sleeping quarters
  - 3) Ablution unit
  - 4) Laundry unit
  - 5) Restroom—sometimes equipped with bar facilities
  - 6) Recreation hall—often supplied with projection facilities, leisure and educational films
  - 7) First-aid centre
  - 8) Dining hall
  - 9/10) Kitchen and store
  - 11) CI Europa caravan
  - 12) CI Highwayman Autohome (Motorised caravan for local surveying expeditions)
  - 13) A single Homak unit being towed on to site
  - 14) Reception and general offices
  - 15) Executive offices
  - 16) Single CI Guardian for a Manager and family
  - 17) Twin CI Guardian an Executive and family

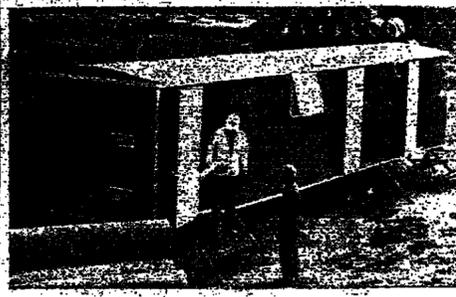
*John, in 1970*





# wasteland into a thriving Caravans International

A new industrial revolution is sweeping the world. New projects are being launched with an exciting vitality. Where national economies are expanding, roads, mines, dams, bridges, railways and factories are being created—often in the wilderness. And the men involved must be housed, fed and rested. Any of these projects draws on industry from thousands of miles away and the key to success is the men working on the project. Imported and local workers will be living and working far from the nearest town for months—maybe years—at a time.



Homak sleeping/ablation unit on site.

Such is the nature of these Roll-on Roll-off vessels: on developments that no housing arrival overseas they can be of any sort may be available taken direct to the site. In for senior project engineers let undeveloped areas this can save alone hundreds of men likely lengthy delays organising and which are available are likely porters, and off-loading cranes to be prohibitive in cost and at the other end. Site drivers hitch up and go. Time wasted

Before any project begins, men must be on site to take delivery of equipment and materials. These men need a variety of accommodation for living and working in and they need it quickly. Above all they need accommodation that is tough and durable yet comfortable and suitable for the staff destined to spend long periods far from home.

Accommodation of this sort must be delivered ready for immediate occupation and be capable of moving onwards with the next development or stage of the project.

Surmounting these considerations is cost. Housing and working accommodation must be predictable in cost on a turn-key basis with low maintenance and no hidden extras.

What choices are open to contracting companies? Knocked-down buildings, multi-modular transportation buildings, or the CI system of fully-equipped, mobile accommodation.

What are their merits? Compared with knocked-down accommodation, CI mobile units are completely self-contained and ready with all furniture, fittings and accessories. In the case of multiple units—two or three-wide—they need sitting side by side and connecting together, but there are no erection costs in the generally understood sense. No foundations are needed and even double-wides can be sited on roughly level ground. The absence of erection costs alone shows a real budget advantage compared with systems which may have a lower ex-works price.

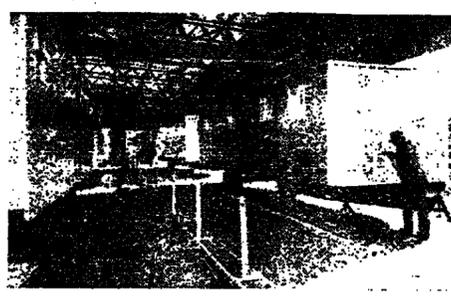
Being on their own wheels, CI units are fully mobile and do not need the separate transporters and heavy cranes which inevitably accompany rigid transportable buildings. Even the latest of CI's accommodation units can be easily towed and shipped on

mobility. CI can house an entire construction camp or the lone surveyor trekking far from his base for days or weeks on end. Even for the loner in the hostile desert conditions, the level of comfort provided is conducive to the good morale which matters in such conditions.

For individuals and small groups, or any staff moving every few days, a wide range of trailer caravans or motor caravans is available. Air conditioning, central heating, sanitation, hot and cold showers can be provided to suit local operating conditions.

The scope of CI's larger production units in accommodating an industrial township is shown by the impression on these pages of a construction camp established on barren ground.

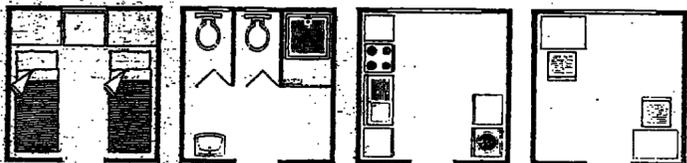
Assuming a site with firm ground, a camp like this could be in existence without pouring a single yard of concrete foundation. This is a double saving if, as frequently happens, the contract calls for total clearance and restitution of the site on completion. Whatever concrete is needed to level double and triple-wides can be delivered with the mobile units in slab form.



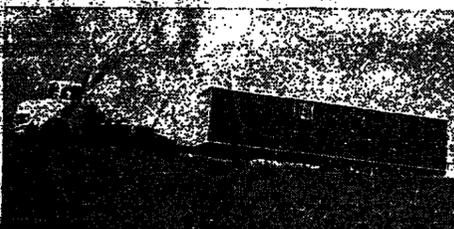
Quantity production spells economy.

these modules can provide for or a store. A central laundry can be housed in a single-width Homak.

The single Guardian shown as one of the executive houses is bigger than a single Homak—length is 13.5m and width 3.2m. Inside there are two bedrooms, bathroom, kitchen and dining room. Furniture arrangements in the lounge are to customers' choice. The two-unit Guardian comprises an area of 8.4 x 6.4m. The standard floor plan gives two double bedrooms, the usual services and a large L-shaped lounge with traditional British bay windows.



Four of the dozen Homak interior modules. L-r: twin bedroom, shower and w/c, kitchen, office. Below: Homak on the move.



The essence of CI's experience is the combination of mobility with accommodation. Inevitably, therefore, wheeled units are designed for road, and off-road, movement; they can be expected to withstand the kind of stresses which could endanger the structure of rigid units designed to stand on legs in a primarily static role.

What does CI offer to achieve this? With eighteen factories in eight countries devoted exclusively to producing accommodation and accessories for

Basis of the construction camp illustrated is Homak industrial units, and Guardian residential. A range of Homak-based residential units in single, double and triple width is also available.

A Homak measures 10m by 2.5m and has a flat floor over its whole area. The layout is based on a series of twelve modules—in fact 11 different modules with internal dimensions of 2.37 x 2.43m, and one double module of 2.37 x 4.90m. Any combination of these modules can be ordered to make up a 10m length.

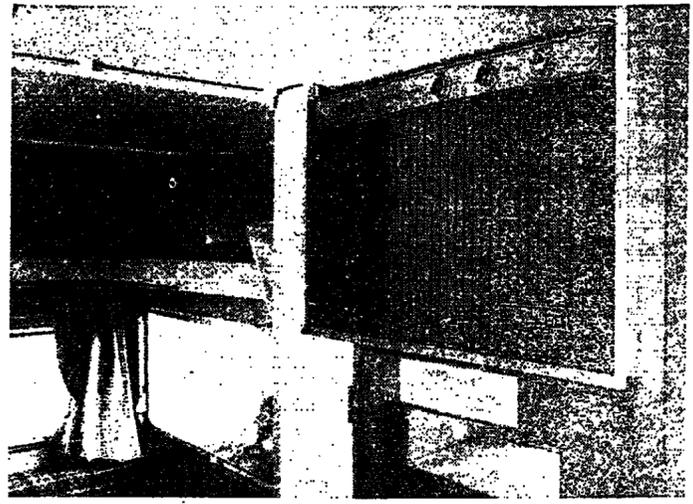
Floor plans of the single and twin living and working accommodations complete with mattress, trusses and pillows, a fully-fitted kitchen, a two-person draughtsman's and administra-



Train delivery for Wilk construction camp units.

A construction camp of a different kind is housed in Wilk 775 caravan shells. CI's German company supplied 33 of the specially-fitted twin-axle caravans in 1976 to a Greek construction company for projects in Saudi Arabia. First of their success was a follow-up order for ten more Wilks in 1977.

The wide choice of industrial and living accommodation offered by the CI Group represents the most economical and practical mobile housing to be found anywhere in the world.



Above: Air conditioner operates out of the way over wardrobe: lifts down to floor for travelling.

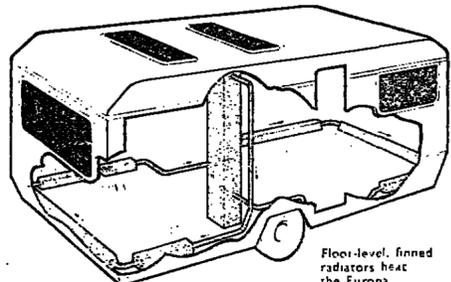
## Custom-built for Climate

HOW DO YOU BUILD mobile structures that may well end up in the Antarctic or the Equator? The first requirement is to ensure that the outside temperature remains outside. Insulation is of vital importance in every climate, and CI have pioneered a method of insulating caravans that still remains ahead of any rival techniques used in Britain. The aluminium outer skin and plywood inner panels are assembled on a timber frame, holes are drilled in the frame and the complete unit is then placed in a heated press. Special high-density polystyrene foam is injected into the cavity and with controlled curing it then becomes a complete rigid panel bonded strongly to both skins. This process not only makes the panels stronger and more rigid, it means that the body insulation is nearly twice as efficient as 11 inch cavity brickwork. Floors too, receive the same treatment and all windows are double glazed.

CI Bluebirds, too, are air-conditioned, are fitted, totalling 20,000 BThU.

valuable window space is occupied to operate the conditioner. The generating sets which supply power when mains current is not available have been specially made to CI specification. Instead of being mounted on the caravan drawbar—where the motor noise would disturb the occupants—the SKV-10 petrol generator is used at a comfortable distance, with 50 feet of connecting cable supplied. For travelling, the generator is stowed inside the caravan and the set has been designed for easy carrying by two men through the smallest caravan door.

For large static units like the



Floor-level, finned radiators heat the Europa.

## CI will finance one caravan or a whole construction camp

Christian Avenard, of Finistere, Brittany, noticed four years ago how popular static caravan holidays were with holiday-makers in Britain. He conceived the idea that they might be equally popular in France. To prove the point, he set up a company, Eurovac SA, which, with the aid of medium-term finance from CI, bought an initial fleet of 30 Bluebird holiday homes.

Under the management of

to £21 (high season), inclusive of short sea route ferry charges for the family and their car. Bookings for these holidays can be arranged for British residents through Eurovac Limited at Croydon, Surrey.

For industrial applications abroad or rental fleets such as Eurovac's, CI can arrange export finance. Hire fleet operators in the U.K. will find suitably-gearred credit terms available from CI Finance, who also offer the private purchaser credit facilities on competitive terms. CI Finance Limited is jointly owned by Caravans International and Inbank, the Bank of Scotland subsidiary.

## CI world-wide

Caravans International is a British-based, multi-national group with eighteen plants in eight of the countries in which they operate. All its activities are concerned with mobile accommodation for leisure and industry. In addition to their traditional export markets CI have so far this year secured new business in Nigeria, Iraq, Iran, Venezuela, Qatar, Oman and Saudi Arabia.

If you are interested in mobile housing for any industrial or leisure project in any part of the world, please contact Patrick H. Bell, Deputy Managing Director (Commercial) of the CI Group at their U.K. headquarters.

**GREAT BRITAIN**  
Caravans International Limited  
Emson Close, Saffron Walden  
Essex, CB10 1HW  
Telephone: Saffron Walden  
(0789) 27321

**WEST GERMANY · DENMARK**  
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NEW ZEALAND · AUSTRALIA

**KEY**

- 1) Mobile bank
- 2) Sleeping unit
- 3) Ablution unit
- 4) Laundry unit
- 5) Restroom—equipped with facilities
- 6) Recreation tent—often supplied projection for leisure and films
- 7) First-aid camp
- 8) Dining hall
- 9) Kitchen and bar
- 10) CI Europa car
- 11) CI Highway Autohome (Motorised for local sun expeditions)
- 12) A single Homak being towed to site
- 13) Reception and general office
- 14) Executive office
- 15) Single CI Car for a Manager family
- 16) Twin CI Car for an Executive family

**CI have some great names behind them**

HOME NEWS

# Licensing plan for estate agents dropped

BY QUENTIN GUIRDHAM

THE GOVERNMENT'S plans for regulating estate agents were published yesterday by the Department of Prices and Consumer Protection.

The idea of licensing agents has been dropped in favour of regulatory powers to be exercised by the Director General of Fair Trading.

The proposed controls cover money held by agents on behalf of clients or potential purchasers, information about charges given by agents, and declarations by agents of any interest they hold in a property.

Under the proposals, estate agents would need some form of qualification or period of relevant experience.

**Deposits**

The Director General of Fair Trading would be able to seek assurances from any agent who practised discrimination or improper business methods. If these persisted, the agent could be ordered to desist or, subject to appeal, cease practising as an agent.

Financial safeguards include the requirement that agents keep pre-contract deposits in trust accounts. In due course, agents would be required to ensure that the sums were covered by approved indemnity or other financial arrangements.

Since some agents are not at present covered by such arrangements, introduction of these requirements would be delayed. Powers would also be taken in future to impose a limit on the level of pre-contract deposits.

Information requirements would include declaring, both to vendors and potential purchasers, any interest agents have in a property. They would also be required to give clients, at the outset, written notice of the level and basis of charges, and to inform them of any other services available even if no sale takes place. It is also proposed to require

by order that anyone practising as an estate agent should have the qualification as the Secretary of State considers necessary.

But this stated intention is qualified by an alternative possible requirement that an agent has had "a period of relevant experience before practising as an estate agent."

The Government's proposals are less wide-ranging than those envisaged in the full licensing system proposed in the Green Paper on estate agents published in November 1975. Both senior estate agency bodies expressed some reservations on the proposals.

The Incorporated Society of Valuers and Auctioneers said it feared that untrained and unqualified agents would now get an "implied seal of approval from the Government."

Mr. John Markham, president, said that "advice by unqualified estate agents on matters ancillary to pure house sales, such as values, structure, insurance and services, could prove much more expensive than the minimal cost of protecting deposits."

**Progress**

Mr. Markham said he would like the plan to require some qualifications or experience to be implemented without delay. Until yesterday, repeated representations made by the Society over many years to successive Governments had been to no avail.

The Royal Institution of Chartered Surveyors, while welcoming the progress made on regulating estate agents, said it was concerned about implied "hasars, any interest agents have in a property. They would also be required to give clients, at the outset, written notice of the level and basis of charges, and to inform them of any other services available even if no sale takes place. It is also proposed to require

It felt that the fitness proposition and basis of charges, sales did not necessarily add anything to the long-term aim of improving estate agency standards and professional expertise.



Aircraft displayed at the Business and Light Aviation Show, Cranfield, Berkshire.

# Inquiry unlikely to urge big accountancy changes

BY MICHAEL LAFFERTY, CITY STAFF

THE CROSS COMMITTEE OF inquiry, set up at the height of the controversy about the accountancy profession's ability to regulate its own affairs, is not likely to recommend major changes in the way in which cases of incompetent work by auditors and accountants is investigated.

The committee, under the chairmanship of Lord Cross of Chelsea, a former Law Lord, was set up last year after a series of Department of Trade reports criticised leading accounting firms.

Before the appointment of the eight-man committee, four of whom are accountants, Mr. Edmund Dell, the Trade Secretary, called in the presidents of the English and Scottish Institutes of Chartered Accountants and the Association of Certified Accountants to express Govern-

ment concern about the position. The report is likely to say that there are problems with the limited way in which accountancy bodies can handle cases of unsatisfactory professional work. But it will almost certainly conclude that it would be uneconomic to set up a fully fledged disciplinary tribunal with legal powers to require evidence.

It may well support a number of new initiatives, particularly providing for Takeover Panel-type censure statements in cases where the institutes believe allegations are justified. These are already planned by the professional bodies.

One such statement has recently been issued by the Scottish Institute of Chartered Accountants, where a Touche Ross partner was criticised in connection with the SUITS affair.

Similar public statements dealing with accountants and auditors criticised in Department of Trade reports on John Wilmenty Automobiles, Bernard Russell, and Lorrho are expected from the English Institute shortly after the Cross Report is published next month.

It is estimated that if a comprehensive investigatory and disciplinary procedure such as the one proposed would cost about £1m. a year. If the profession had to finance this itself, it might add up to £200 a year to every chartered accountant's annual subscription, according to some calculations. The only other alternative would be to have the tribunal financed by the Government.

Leading accountants say that no other profession in the U.K. has such a tribunal.

# Business aviation receives assurance

By Michael Donne, Aerospace Correspondent

AN ASSURANCE was given yesterday that the Customs and Excise Department would do all it could to help the business aviation community.

Mr. J. M. Woolf, deputy chairman of Customs and Excise, said: "Seeking to provide adequate aerodrome facilities for business aircraft is of vital importance to the business user and indeed the country at large." He was "very conscious" of the need for his department to do what it could within its resources to match needs both now and in the future.

Mr. Woolf was addressing a seminar on business aviation problems at the opening of a three-day Business and Light Aviation Show at Cranfield Institute of Technology, Bedfordshire.

More than 270 light aircraft are taking part in the show, which is intended as a marketplace for buyers and sellers

# Koreans are to cut their cutlery exports to Britain

BY DAVID FREUD, INDUSTRIAL STAFF

A DELEGATION of Korean cutlery manufacturers has agreed to cut exports of stainless steel ware to Britain after two days of talks with the Cutlery and Silverware Association in Sheffield.

Mr. Brian Viner, deputy chairman of Viners and president of the association, said yesterday: "After 13 hours of intensive discussions we arrived at a better understanding."

As a result, Mr. James Lee, president of the Korean Flatware Exporters' Association and leading member of the five-strong delegation, is returning to his own association "to get its agreement to limit exports to the U.K. in the long-term interests of both industries."

The British association has given no indication of the exact level of the proposed cuts. At present, Korean stainless steel flatware is taking about 37 per cent of the U.K. market in terms of value, almost double the total taken by the home industry.

Mr. Park told the Sheffield delegation that on his return to Korea he would write to them with the Korean manufacturers' export intentions for next and subsequent years.

The Korean delegation is now in Solingen for similar talks with the West German industry. The talks will be followed by a visit to Brussels where the question of global quotas will be raised with the EEC.

If a formal quota is agreed, in contrast to the more informal arrangements set in motion in Sheffield yesterday—British part of the quota will be negotiated through the Department of Trade.

The Department, which has encouraged industry-to-industry talks on import restraints in other areas, is likely to welcome the Sheffield initiative.

# Rise in stocks value shows sharp decline

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE AMOUNT needed by industry to finance the increase in the value of its stocks declined sharply in the second quarter.

Figures in the latest issue of Trade and Industry indicate a rise in the book value of manufacturers' and distributors' stocks of £1.25bn. in the second quarter at present prices, compared with a £1.87bn. increase in the first three months of the year and a £4.15bn. rise for the whole of last year.

The smaller amount required in the second quarter occurred despite a further large increase in the physical level of stocks—£152m. at 1970 prices in addition to the £248m. in the first three months of the year. This reflects a decline in the rate of inflation.

The implication is that with profit margins improving in recent months there may be continued recovery in profits as the increase in the book value of stocks may be even smaller in the third quarter since the rise in physical stocks may be lower after the partly inflationary stockbuilding of the first half of the year while the rate of price inflation will also be lower.

Fixed capital investment in present prices of manufacturing distributive and service industries was £2.62bn. in the second quarter, fractionally lower than in the first three months of the year.

For the first half of this year capital investment at present prices was £4.85bn. compared with £3.92bn. in the same period a year ago.

# Fears of television threat to newspapers 'unfounded'

BY MAX WILKINSON

FEARS THAT the rising power of television would threaten traditional newspapers appear to have been unfounded, according to research published yesterday by the Royal Commission on the Press.

The findings suggest, on the contrary, that radio and television news may reinforce newspaper readership among a substantial number of people.

The report, Attitudes to the Press, by Social and Community Planning Research, is published as a supplement to the Commission's main report in July.

It is based on a survey of 2,400 people chosen at random, with the aim of finding out the role of the regional and local Press as compared with broadcasting. However, attitudes to the coverage and standards of national newspapers were also investigated.

The report says: "The survey findings do not suggest that television and radio news are seen as alternatives to newspapers. If anything, regular watching of television news is more common among regular newspaper readers than among others."

Nine out of ten people spend an hour or more watching television on an average weekday, according to the survey. Just under half claimed to watch for three hours or more.

Just over one in four of those who read a national morning or provincial evening newspaper said they spend an hour or more reading one issue.

Generally, those interviewed were reasonably satisfied with the standard of their newspapers, although there was some criticism of sensationalism and exaggeration by the popular national morning papers.

"The only majority criticism was that the popular national morning papers exaggerate the sensational aspects of the news."

Between 40 per cent. and 50 per cent. of those answering thought that the international news and national morning papers (Daily Express and Daily Mail) also exaggerate the sensational aspects of the news and between 40 and 50 per cent. of those answering thought the popular national morning papers go too far in invading people's grief and print too many silly or trivial stories.

About 20 per cent. of those replying thought that the Daily Telegraph exaggerated sensational aspects of the news and invaded private grief too much. The level of criticism of regional morning papers was about the same as that of the Daily Telegraph.

All the national morning papers were favourably rated for the in depth of news coverage,

# Authorities answer 'reactors an economic failure' claim

BY IAN BREACH IN WHITEHAVEN

ACCUSATIONS that the proposed expansion at Windscale would be "an economic failure" were contradicted yesterday in a set of costings produced jointly by British Nuclear Fuels and the Central Electricity Generating Board.

The environmental group, Friends of the Earth, has consistently claimed that reprocessing of spent fuels from thermal reactors is unlikely to prove financially beneficial, and that it would be technically and economically preferable to store unprocessed wastes.

Dr. Donald Avery, deputy managing director of British Nuclear Fuels, was recalled to give a detailed cost analysis of three methods of dealing with reactor wastes: reprocessing in the plant which the company has applied for planning permission to build; reprocessing in a smaller plant; and not reprocessing.

These figures indicate that in the first instance the ex-works price per tonne of reprocessed fuel would be £260,000. For a smaller plant the fuel recovered would cost £315,000. With no reprocessing, says the company, over a 60-year storage period the cost would be £875,000 a tonne if the fuel were encapsulated in glass.

Mr. Raymond Kidwell, QC, for Friends of the Earth, said that it was "totally unfair" for the company to produce certain of its figures at a few minutes' notice. He objected in particular to an estimate as high as £120,000 a tonne for costs of unprocessed fuel storage in water-cooled ponds.

Mr. Justice Parker, the inquiry chairman, ruled that additional background costings must be produced by the company no later than next Tuesday morning.

Disagreement persists at a fundamental level between Friends of the Earth and the company on their respective economic appraisals of the reprocessing plant. This has become the main plank in the Friends' case.

British Nuclear Fuels has based its analysis, in part, on assumed future uranium prices as high as \$100 a lb. while Friends of the Earth witness earlier in the inquiry postulated prices as low as \$10, and Mr. Turenance Price, director of the Uranium Institute, agreed last week to a figure around \$30-\$40 a lb.

The ex-works price from Windscale of £260,000 a tonne of reprocessed fuel is £20,000 more than that previously quoted by British Nuclear Fuels and the effect is to make reprocessing more attractive by a figure of £80m. if one allows for the contract pending, for the new Tube station then



dealing with reactor wastes has overruled.

Dr. Avery said in his evidence that storage of unprocessed fuel would have to be followed by "final disposal" of the waste for "final disposal," adding further £450,000 a tonne, to reach £675,000.

Friends of the Earth combats this strongly, saying "that the company has no reason to assume that 'classification' is necessary. Certainly this question is still open to debate at the inquiry as it materially affects the profitability of new fuel-reprocessing plant."

If the Friends' contention were borne out and figures accounted to 1990, the return, estimated to be £120m., could be whittled down to less than £20m. This, in turn, would be effectively wiped out if Britain then had a balance-of-payments surplus and foreign currencies were devalued.

# British Shoe coffee shop

BRITISH Shoe Corporation is starting a new customer service by opening a £180,000 coffee house in the 15,000 sq. ft. Lilly and Stainer site in Oxford Street, London. Mr. Alan Costa, chairman of Empire Catering, owner of the Richard's restaurant chain, will run it.

The modernisation of the site, which is scheduled as a building of architectural importance, is being timed to meet the increased traffic expected in Oxford Street from the new Tube station then

# Big companies cut political gifts

BY RICHARD EVANS, LOBBY EDITOR

MARKS and Spencer was the company which made the largest donations to political parties last year, according to the Labour Research Department.

Its gifts totalled £45,000, compared with £33,000 from Guest Keen and Nettlefolds, £28,500 from Trafalgar House, the property group which now controls the Daily Express, £27,750 from Guardian-Royal Exchange Assurance, and £27,250 from Taylor

Woodrow, the civil engineers. Of a total of £1.2m. in donations monitored by the research department 85 per cent. went to the Conservative Party—either directly or through fund-raising industrialists' committees in Sir Keith Joseph Centre for Policy Studies or the Bow Group.

Only 16,250 was given to the Liberal Party. There was no record of any major public company giving money to the Labour Party.

## A FINANCIAL TIMES SURVEY

# AUDIO-VISUAL EQUIPMENT

### SEPTEMBER 16 1977

The Financial Times is planning to publish a survey on Audio-Visual Equipment. The main headings of the provisional editorial synopsis are set out below.

**AUDIO-VISUAL SYSTEMS** Examination of the strengths and weaknesses of the various audio-visual media: their effectiveness, practicality and economy.

**CHANGING TECHNOLOGIES** Video equipment is now becoming smaller and cheaper, with improved performance: the technical developments that have brought these changes: causes and effects as they matter to the user.

**JAPAN** Photographic, cine and video equipment now a major industry in Japan: challenge to the West: economic trends in Japanese audio-visual: new ideas that may soon emerge from Japan.

**SLIDE AND FILM STRIP REVIVAL** Film strip and slide projectors transformed in last ten years as new uses have rapidly spread: changes in design and performance with special reference to developments in multi-vision and multi-screen.

**CHOICE OF EQUIPMENT** Choice of the right audio-visual equipment: how to arrive at a specification; where to buy equipment; obtain service and how to use it efficiently.

**THE CONFLICT** New video developments have challenged the survival of film: strengths, weaknesses and future developments.

**ECONOMIC REVOLUTION IN PHOTOGRAPHY** Post-war German domination in photographic equipment: rise and redistribution of the photographic economy: changing patterns of marketing in terms of national and consumer trends.

**AUDIO-VISUAL SYSTEMS IN THE OFFICE** More devices are now appearing in the large office; from computer output on to microfilm to facsimile transmission equipment.

**PRIORITIES AND PROBLEMS** The current period is dominated by rapid developments, changes and upheavals, all influencing investment decisions and development programmes: analysis of the issues and likely future trends.

The proposed publication date is September 16 1977. For further details of the editorial synopsis and advertising rates contact:

Suzanne Ralph, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.  
Tel: 01-248 8000 Ext. 201. Telex: 885033 FINTIM G.

## FINANCIAL TIMES

### EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

## PERSONAL

# TENT FOR SALE

Made in 1975 for the Royal inauguration of BP's Forties Field, and is at present providing accommodation for over 30 different stands at the Hyde Park Silver Jubilee Exhibition.

The area of the tent is approximately 1 of an acre which means it can easily accommodate 1,000 people seated plus all the necessary facilities.

**PRICE SUBJECT TO NEGOTIATION**

Contact: The Services and Administration Manager, Public Affairs and Information Department, BP Trading Limited, Britannic House, Moor Lane, London EC2Y 9BU.

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## TWA

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Handwritten signature or mark at the bottom of the page.

# HOME NEWS

## European standards key to more trade

BY DAVID FISLOCK AND PETER CARTWRIGHT

A P.E.R.A. for steady acceptance of European standards... The British Association of Road Transport Engineers... The Department of Transport... The British Association of Road Transport Engineers... The Department of Transport... The British Association of Road Transport Engineers... The Department of Transport...

## British Association Meeting

The British Association of Road Transport Engineers... The Department of Transport... The British Association of Road Transport Engineers... The Department of Transport...

## Higher status call for supervisors

THE plight of the supervisors in industry and commerce... The Department of Education... The Department of Education... The Department of Education... The Department of Education...

## Footwear industry threatened

Dr. A. G. B. TROUBLED footwear industry... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Gas change nears completion

E. Libn. gas conversion programme... The Department of Energy... The Department of Energy... The Department of Energy... The Department of Energy...

## British Shipbuilding coffee shop

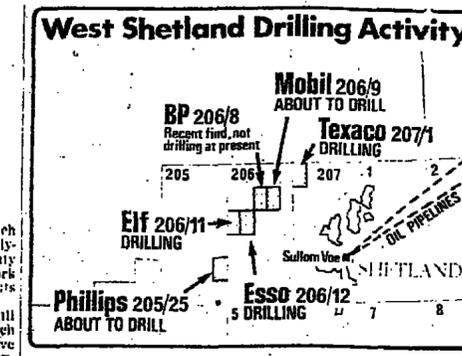
BRITISH Shipbuilding... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Flying start for new vehicles

NEW RANGE of four-wheel vehicles... The Department of Transport... The Department of Transport... The Department of Transport... The Department of Transport...



A prototype of the new vehicle.



## West Shetland Drilling Activity

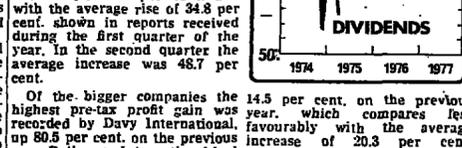
BY RAY DAFTER, ENERGY CORRESPONDENT

## Setback in search for more oil west of Shetland

THE OIL industry's hope of finding more reserves west of Shetland has received a setback... The Department of Energy... The Department of Energy... The Department of Energy... The Department of Energy...

## Pre-tax profits continue rising trend

PRE-TAX profits of the 107 industrial companies... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...



Of the bigger companies the highest pre-tax profit gain was recorded by Davy International... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Spillers confirms closure of a Homepride bakery

SPILLERS confirmed yesterday that it would close its Homepride bakery... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Guest speaker

PROFESSOR Ralf Dahrendorf, director of the London School of Economics... The Department of Education... The Department of Education... The Department of Education... The Department of Education...

### BANK RETURNS

Category	Value
Banking Department	1,235,000
Insurance	1,000,000
Other	1,500,000

### APPOINTMENTS

Name	Position
Mr. S. D. Kershaw	Executive Director
Mr. A. M. Rankin	Chairman
Mr. P. J. N. Harvey	Managing Director

# LABOUR NEWS

## Production at Cowley will stop to-night

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PRODUCTION at Leyland Car's Cowley plant will stop to-night... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Strike vote by 9,000

THE 9,000 SHOPFLOOR workers at Leyland's bus and truck complex... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Swan Hunter outfitters to discuss parity claim

SEVENTEEN hundred men employed in the outfitting trades... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Drax B jobs plea made to Callaghan

THE Prime Minister interrupted his Scottish visit... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Bread shortage caused by South Wales strike

SOUTH WALES was hit by a bread shortage yesterday... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Warning on oil policy

OIL REFINERY workers could launch a policy of non-operation... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Swan Hunter jobs scheme

SWAN HUNTER Shipbuilders and the General and Municipal Workers' Union... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Group changes at Seagram Distillers

CHLORIDE GROUP as a non-executive director... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

Mr. Raymond C. Hurd has been appointed financial director... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

Mr. Geoffrey C. Bunting has been appointed an assistant vice-president... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

Mr. Timothy Channing is to join the Board of BEAUFORT AIR... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

## Decision on miners' ballot soon

By David Churchill, Labour Staff

A DECISION on whether Britain's 261,000 miners should take part in a ballot on a productivity bonus scheme... The Department of Industry... The Department of Industry... The Department of Industry... The Department of Industry...

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## AVIATION

### Simplifies navigation

THE RECENTLY DEVELOPED Narco radio navigational aid package known as Centerline, aimed essentially at business/private flying is to be marketed in the U.K. by Van Dusen Aircraft Supplies.

Items include a 720 channel VHF communications set, a combined VOR, ILS localiser and glideslope receiver/indicator, and a number of separate equipments for these functions.

Most interesting item is the combined navigational set, NAV-122. When tuned to a VOR beacon it will display steering commands on its own indicator or other appropriate connected displays.

But when tuned for instrument landing (ILS) approach, a road-band multiplexed receiver sequentially accepts signals from the two parts of the ILS ground array (azimuth and glideslope), spending half its time on each. Thus, no separate glideslope receiver is needed and there are benefits in simplicity, reliability and economy.

According to Narco, the development makes it possible to equip an aircraft with two completely independent ILS systems at less cost than competing single-receiver units. More from Van Dusen at Murdock Road, Bicester OX6 7RB (08692 43381).

## COMMUNICATIONS

### Viewdata gathering

THOSE IN commerce and industry likely to benefit from the Post Office's Viewdata system, in which a central data base is interrogated over the telephone and information displayed on an associated screen (probably a domestic TV receiver), will be interested in a forthcoming public conference on the subject.

To be held at the May Fair Hotel in London on September 29, the meeting will be addressed by experts from the Post Office, 74, Shoe Lane, London existing experimental users, EC4A 3JB (01-353 1138).

equipment makers, and a joint effort to be maintained even in ambient noise up to 130 dB, and over distances up to 30 miles, it is assured.

Marketing in the U.K. is by Van Dusen Aircraft Supplies, (battery or mains) and is operated entirely by the power OX6 7RB (08692 43381). The generated by the sound of the human voice. Main applications are in high noise environments and clear communication can be maintained even in ambient noise up to 130 dB, and over distances up to 30 miles, it is assured.

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### Voice makes a signal

NOW AVAILABLE in the U.K. is a communications system originally developed for the U.S. Navy, by David Clark Co., of Worcester, Mass.

It requires no power supply (battery or mains) and is operated entirely by the power OX6 7RB (08692 43381). The generated by the sound of the human voice. Main applications are in high noise environments and clear communication can be maintained even in ambient noise up to 130 dB, and over distances up to 30 miles, it is assured.

Marketing in the U.K. is by Van Dusen Aircraft Supplies, (battery or mains) and is operated entirely by the power OX6 7RB (08692 43381). The generated by the sound of the human voice. Main applications are in high noise environments and clear communication can be maintained even in ambient noise up to 130 dB, and over distances up to 30 miles, it is assured.

## WOODWORKING

### Comb joints cut quickly

USEFUL IN jobbing shops where numbers of comb joints to be produced generally come in short runs is a jig for use with a circular saw which has been cut shown to produce excellent joints in a number of hard plastics, apart from the usual timber, hardboard and chipboard.

The jig is a robust aluminium casting for use on a circular saw table which has a machined groove running parallel to the plane of the saw blade. Where the table has no such groove, guides could be attached. Techniques have been developed to allow the four sides of a box to be cut simultaneously, so that accurate fitting is guaranteed. Different sized indexing pins can be changed very quickly to alter the size of comb joint produced.

Further from Dick Sadler, Production Machinery Group, NRDC, Kingsgate House, 66 Victoria Street, London SW1 6SL 01-828 3400.



## RESEARCH

### Big chamber available

A 5m. anechoic radio-frequency test chamber, installed by Plessey at the Hawker Siddeley Dynamics plant in Stevenage, is to be made available as a service to organisations needing to carry out tests up to 15 GHz.

The chamber, which contains some 14 tons of profiled pyramidal microwave absorber materials, measures 15.3 x 7.3 metres and is one of the largest "rf-quiet" zones available anywhere. It was recently completed for testing of European Space Agency's orbital test satellite (OTS) due to be launched this month from Cape Kennedy on a three-stage Delta vehicle. It is also being used to test the MAROTS marine communications satellite and for a variety of rf measurement work on radar, missiles and their associated aerial systems.

Reflection-free measurements can be performed between 100 MHz and 15 GHz and electromagnetic compatibility and interference checks between 15 kHz and 15 GMz.

The chamber is equipped with a hydraulically operated table and ceiling hoist to provide accurate positioning of equipment weighing up to 2,000 kg. More on Stevenage 3456.

## HANDLING

### Industrial weighing

LATEST IN the range of scales reducing the capacity of the made by Oertling (an Avery Group company) is a unit for catchweight weighing on the factory floor. It will weigh up to 2 kg, with 1 gramme divisions and a readability of 0.1 gramme.

The weight is shown on an angled display, using a back projector to magnify the scale movement. The unit is fitted with magnetic damping for quick weighing.

An optional tare of up to 550 grammes can be added without

the truck engine. The chassis is fitted with four stabilising hydraulic jacks. Interlocks ensure that the platform cannot be raised until the jacks are in position on the ground, and the lorry cannot be moved while the platform is raised.

Controls include an engine stop from the platform—useful to conserve fuel and prevent fume accumulation in confined spaces. Guardrails on the long sides of the platform can be folded down to facilitate loading. The maker is at Springfields, Newport, Salop., TF10 7HU (0522 511779).

## Big lift platform

LATEST DEVELOPMENT of the Flying Carpet lifting workplatform is a lorry-mounted version which will provide platform heights up to 21 feet carrying a load of 3 tons.

Basically a scissor-lift platform, maximum working height depends on the length of the lorry chassis. Platform lengths vary between 20 feet and 23 feet and are 7 feet 6 inches wide.

Chassis and cab are supplied by the customer to John Rusling, the company which makes and fits the Flying Carpet platforms. Hydraulic lift is provided by

**Control for industry**

**THORN AUTOMATION**

Rugeley Staffs Eng.

## MATERIALS

### Belting repairs

A POLYMERIC elastomer for the repair and resurfacing of natural and synthetic rubber conveyor belts, has been introduced by Belzona Molecular Coatings, Harrogate, Yorks. (0423 8741).

Available in five grades, the material is described as "an interwoven network of polymerised molecular chains in paste or liquid form, plus a solidifier. Curing is a matter of minutes with no shrinkage, expansion or distortion. The cured material is unaffected by a wide range of chemicals, and will bond to almost all elastomers, metal concrete and wood.

Other properties are those of natural or synthetic rubber: elasticity, tear resistance, abrasive strength, and electrical insulation. It can be applied as a paste or a liquid, and can be cast or moulded without heat or pressure.

Conveyor belts can be repaired in situ, and an extra step with a minimum of downtime.

## Water-borne coatings

NOW AVAILABLE is a water-borne primer which can be used to provide a protective coating on sections of a fabrication after assembly by welding.

Developed by the Dundee Macpherson Group, it is claimed that the primer does not produce any organic solvent-based fumes when welding takes place, thus reducing the need for repainting. As the primer is conductive there are no problems with electric contact when arc welding.

Applied by dip or spray, the primer is complemented by water-borne gloss finish available in a variety of colours.

Details from the maker, Three Quays, Tower Hill, London EC3R 6EL (01-623 1700).

## FARMING

### Improved tractor

A MARK II version of the MF595 agricultural tractor has been launched by Massey Ferguson, Banner Lane, Coventry (0203 465211).

The gearbox has been redesigned to incorporate constant mesh gears which cannot be damaged by "crashing" engagements. Capacity of the auxiliary hydraulic pump has been increased by 20 per cent to 7.9 gal./min., and a new flow filter removes particles down to 15 microns from the hydraulic oil.

A new fuel pump is fitted to the tanking system to allow accurate setting for full utilisation of the maximum 88 hp.

## COMPONENTS

### Stops taps breaking

SLIPPING CLUTCH safety chucks for use on automatic manual machines have been developed by B. O. Mott, Briton Road, Coventry, CV4 6JF (0203 455014), using a ball drive mechanism.

Although designed for Mott equipment, they are compatible with other machines, and are available for fixed or adjustable projection. Torque ratings are available for a torque speed adjusted with a torque speed

## DATA PROCESSING

### Display fits neatly on a desk

DESIGNED FOR use where no central dust exhaust system exists, a portable dust extractor has been developed which subject to work load, can be connected to two machines, such as grinders.

Dust laden air drawn through the two inlets undergoes a sudden change of direction which separates the heavy and light dust. The heavy particles are deposited directly into a dust drawer, while air containing fine dust passes through a non-flammable woven glass fibre filter bag, with a filter area of 140 square inches.

Dust is dislodged from the filter bag to the dust drawer by a shaker lever. The unit measures 23 x 16 1/2 x 8 inches, and is rated 700 W. It is available for single or three phase supply.

More from the maker, Denford Machine Tools, Birds Royd, Brighouse, Yorks., (0484 712264).

It comes in three component parts: the screen, an alphanumeric pad and a small box which houses the electronics. The screen measures only 8 x 9 x 9 inches and is also available as a rack-mounted product. It has 24 lines by 80 character format, 1,920 characters in all, and displays are presented as black on white for high legibility.

TDS operates from Hillside, Whitebirch Estate, Blackburn, BB1 5SN. 0254 662244.

## Preparing for new networks

FOLLOWING IBM and Honeywell, NCR and Fujitsu (closely linked with Amdahl) have announced development of the software and the protocols required to support various types of data processing networks based on computing power at various levels of processor capacity.

The intention of both companies clearly is to accommodate pressure from users for more flexibility in the way systems are arranged and the trend, now becoming very clearly marked, towards a far greater degree of local autonomy in the processing of key data in large companies and groups with many sites.

## SERVICES

### Trade names listed

THE RATHER daunting task of publishing a directory of trade names has just been completed by Kompass.

It is admitted that it by no means offers a complete list but it nevertheless contains over 50,000 names, many referring to technical products and processes. Trade names which have lapsed or not in use have been excluded and there are no entries for industries engaged in the preparation of food and drink, tobacco and pharmaceuticals.

The 540-page directory costs £20 and is obtainable from Kompass Publishers, 41-43, Perry Mount Road, Haywards Heath, Sussex RH16 3DA.

## MAINTENANCE

### Cleaning is quiet

ELIMINATING THE need for a portable vacuum cleaner, a ducted vacuum system for industrial and domestic installations has been launched by Crayhurst in conjunction with Bartol Plastics (a division of Hepworth Ceramic Holdings).

Neovac gets its suction power from an 800W, 17,000 rpm electric motor, mounted on a 6-litre waste container. The ducting is of 1 1/2 inch diameter polypropylene tube, with push-fit connectors.

In use, a hose is inserted into an inlet point on the duct. This action bridges contacts at the inlet and starts the suction motor. The motor and collection unit can be remotely sited, reducing system noise to a slight hiss.

Details from the maker at Barton, nr. Bidford on Avon, Warwick, B50 4NP (078985 2362).



This miniature electric drill is said to be suitable for operations on brass, aluminium and steel and especially for intricate work on printed circuit boards. It is supplied by Boss Industrial Mouldings, 2, Herne Hill Road, London, S.E.24 0AU, with three collets capable of accepting twist drills, burrs and mops, and with a 2-pin DIN plug and 2 metres long cable.

## INSTRUMENTS

### Easy check on noise

PUT ON to the market by Thorn Automation is an easily-used pocket instrument (100 x 50 x 25 mm., 150 gms.) suitable for measuring noise levels in industrial environments. It was developed by the Dutch Research Institute for Applied and Scientific Research and is made by the Thorn plant in Holland.

Developed for "on the spot" use when shop-floor noise problems arise, the unit should, states Thorn, help to avoid industrial disputes concerning noise. No training is needed for its use.

Noise levels are given in dB(A) and the indicator's battery lasts for about 2,000 measurements. A sliding control with a graduated scale is fitted at the side of the unit and lamps on the face show in which direction the slide must be moved in order to determine the noise level. More from the company at P.O. Box 4, Rugeley, Staffs WS15 1DR (Rugeley 5151).

**FINANCIAL TIMES**

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*July 1977*

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EDITED BY CHRISTOPHER FOREST

September 2... Control for industry... POLYMERIC... Belting repairs... WATER-PROOFING... FARMING... Improved tractor... COMPOSITE... Stops to break... MES... OFFICES... ever mind the quality—feel the width

# The Management Page

Barry Riley describes one company's plan to reconcile the needs of managers and family shareholders

## Keeping cider's sparkle under control

AS FAR as the stock market is concerned, what caught the eye about H. P. Bulmer's current proposals was the scope they offered for a more than doubled dividend payout. Yet the plans of much more general interest are in other directions.

For they shed light on the central problems of a medium-sized growth business which has international ambitions, yet which needs to reconcile the priorities of family shareholders with those of professional managers.

Despite far-reaching changes in the group over the past decade or so, the family is still in control. In fact, after 90 years in control of most of the company's assets, the Bulmer family still holds a dominant 65 per cent. share of the company's ordinary shares.

The Bulmer family stake is 62.2 per cent., only a little less than the 65 per cent. which the company was floated on the stock market in 1970.

The Scheme of Arrangements before Bulmer's shareholders will have three main effects. First, it will establish a holding company — H. P. Bulmer Holdings — which will acquire all the existing Bulmer family shares. This is where the dividend boost comes in, for under current legislation a two-tier freedom of controls is granted to new companies.

Secondly, an extra element of financial solvency is being injected into the group's structure, with shareholders receiving one preference share for every eight ordinary shares. The third development is the setting-up of a profit-sharing



plan for all employees. A sum calculated on a value added formula — which cannot exceed a per cent. of the pre-tax profits of Holdings — will be set aside each year to buy shares in the company. These will be held by the trustees for five years before they are transferred to the employees.

The switch to a holding company structure is reminiscent of the move, on a much larger scale, by BAT Industries last year when it merged into Tobacco Securities Trust. According to Bulmer's chairman Peter Prior, the change is vital for ensuring that the group's organisation does not become unwieldy as the business gets larger.

The concept is that the Holdings Board will be able to concentrate on group matters, such as overall policy and financial control, and not get bogged down with detailed trading problems. At the same time, executive responsibilities can be clearly defined for each division, and department, and delegated to individual managers all the way down the line.

responsibility of the Bulmer executives to the family is unusually direct.

To put it at its simplest, Bulmer's future as an independent concern depends on the family being kept involved and financially contented.

Commercial success — of which Bulmer has had more than its share in recent years — forms part of the answer. Since the company went public annual sales have climbed from just over £8m. to £33m., and pre-tax profits (despite a sticky period in 1973 and 1974) have improved from around £0.5m. to £3.9m. Last year's profits increased by 50 per cent.

Bulmer's volume of cider production in the U.K. rose by 22 per cent. in 1975-76 and by another 13 per cent. last year. These gains were, however, exaggerated by exceptional summer weather in both years (volume was 28 per cent. ahead

of the same period in 1974) and the buoyancy encouraged the Government to impose excise duty which became effective last September.

With cider prices up by something approaching 50 per cent. over the past year, growth has abruptly halted. The managing director, Brian Nelson, admits that the impact has been more dramatic than he first thought. Having set cider sales targets nearly 10 per cent. ahead of 1976-77 levels, Bulmer Northern Germany, and more was actually running at slightly lower volume figures in the early summer.

Yet there is little reason to doubt that in due course the expansion will be resumed. And this makes Bulmer potentially vulnerable to a takeover bid. Capitalised at under £20m., it offers a commanding share of one of the few real growth sectors of the U.K. stock market.

The takeover danger may increase if Bulmer's attempts to open up overseas markets prove successful. The Australian cidering director, Brian Nelson, ventures has proved a consistent performer (though the apple more dramatic than he first thought. Having set cider sales targets nearly 10 per cent. ahead of 1976-77 levels, Bulmer Northern Germany, and more was actually running at slightly lower volume figures in the early summer.

Until now many Americans have considered cider to be a soft drink. But Bulmer's 5 per cent. alcohol formula is calculated to change their ideas, and Trevor Howard has been

hired for a campaign of TV commercials which began in mid-July in three test markets on the U.S. East Coast. Perhaps fortunately, U.K. West Country cider purists will not be able to sample so-called London Dry draught cider. It does not come from London, is apparently quite sweet, and is sold in small bottles.

The takeover threat gives the Bulmer management a vested interest in keeping the share price high. At one time in 1974 the shares were worth hardly more than 20p, but they have been very firm in recent months (more than doubling since last December) and currently stand at around 170p. Dividend promises have obviously played a part here.

Not only the new holding company, but also the other two scheme proposals, are highly relevant to the family connection. As the formal document puts it, the distribution of preference shares will enable shareholders "to realise some capital without affecting their present equity in the Bulmer Group."

The device has been used elsewhere — Desoutter Brothers, for instance — where controlling families wish to raise some cash without eroding their stake. In this case, the Bulmer family shareholders will be able to sell Preference shares for something not far short of £800,000 each. That ought to remove any short term pressure to dispose of equity holdings.

The profit sharing plan appears to have been devised with similar considerations in mind. Funds will be made available out of the company's profits each year to buy around

1 per cent. of the outstanding equity on the market, for a limited season after the posting of the accounts.

After five years, shares will start being transferred to employees. From then on, the holdings controlled by the plan's trustees will stabilise at roughly 5 per cent. of the total equity. The scheme could operate partly to narrow the public market and support the price, and partly to provide an "in-house" buyer for family shares, given that a process of gradual disposal and wider diffusion is bound to take place over the years. Peter Prior makes it plain that one of the objectives of the profit-sharing plan is the maintenance of the group's independence.

Looking further ahead, the determination to follow the independent family-controlled route brings with it certain disadvantages for Bulmer. Since the management cannot turn to the shareholders for new capital through a rights issue, a cautious financing policy is required.

In the event, cash flow generated by the U.K. cider business has risen sharply over the past two years, leading to a reduction of over £4m. in short term debt and opening the way to the current overseas expansion moves.

This prosperity incidentally seems to have allowed a stay of execution for the Australian cider project. "Some shareholders may well think it is high time for us to abandon the whole operation," remarked Peter Prior in the recent annual report. Drastic measures to pull this business round include the secondment of senior technical personnel.

If Bulmer can surmount the financial and managerial problems of a transition to international status and still remain a family company it will be a considerable achievement. But there is no doubt of the determination to retain its individuality, which dates back to the year 1887 when the original H. P. Bulmer first pressed apples grown in his father's rectory orchard.

One of Bulmer's formal listed corporate objectives is "to remain an independent public company." In this year's annual report this was amplified by some words in italics: *with a distinctive management style.*

## A less gloomy view of the energy crisis

BY RAY DAFTER

Even this is a longer stay of execution than many would have believed. The gloomier forecasts point out that it is unlikely that our thirst for oil will remain constant. It will increase as it has done in the past, ten-fold since 1940, ten-fold since 1955 and nearly double since 1965.

No one would disagree with Meyer and Hocott when they state: "It is time to direct attention to possible new sources of nature-made petroleum and gas, and to improvements in recovery." This is where this book sheds a more promising light than many of its recent predecessors.

It shows how new methods of recovery — such as the injection of chemicals into oilfields — can exploit a higher proportion of oil and gas reserves than other social pressures. "National policies in many countries seriously impede, if they do not prevent entirely, the development of petroleum supplies sufficient even for those countries' own internal requirements."

It is evident that the conclusion of the nature-made petroleum and gas energy economy lies at most a half-century away, "write our two summarisers. "At the same time it is evident that nature-made petroleum resources are large — sufficient to permit the world a smooth transition to alternative energy sources."

The book points out that the U.S. (as in many other oil-producing areas such as the North Sea) conventional recovery techniques can extract only 30 to 35 per cent. of the oil in commercial fields. Enhanced recovery technology now in an advanced research stage offered the chance of obtaining at least 40 to 45 per cent. of the oil-in-place in American fields. One day it might be possible to pump out as much as 60 per cent.

By increasing the percentage of estimated world crude reserves by just 10 per cent. it would be possible to put a further 175bn. barrels into the energy bank. Reserves would be similarly increased.

The authors point out that a significant hindrance to the rapid exploration and development of additional reserves was the non-technical barriers posed by environmental, political and other social pressures. "National policies in many countries seriously impede, if they do not prevent entirely, the development of petroleum supplies sufficient even for those countries' own internal requirements."

They believe that the barriers are not insurmountable and that the future is hopeful. "But gaining these resources will not come easily," they add cautiously. This caveat points to the differing views among energy experts. For those who warn about a new energy crisis in 20 to 30 years are not content that enhanced recovery techniques and alternative sources of oil and gas will be developed in time. At least there is some hope that a solution will be found.

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PETER RIDDELL

GOVERNMENT produces statistics on a massive scale. It has published a 350-page book on 2,500 separate sources, how much of this is of use to industry and business? It is a regular monthly and very serious—trade figures, prices, profits and capital movements — are clearly of interest to a wide range of the business community. However, the present Statistical Service brings out a wide range of publications — 58 in all, including Economic Trends, the Monthly Digest and Annual Digest of Statistics, the National Income and Expenditure Statistics, and the Survey of the Institute of Statistics, the Market Research Society, the Society of Business Economists, the Industrial Research Association, and the Society of Investment Analysts.

third of those replying worked in manufacturing companies and third saying this factor is of little importance, though only 8 per cent. of users buy their more than £50m. a year. Nearly one-third of those replying were market researchers.

The survey, published in the latest issue of the Central Statistical Office's Statistical News, shows, perhaps not surprisingly, a heavy regular use of the publications listed above, in particular general support for the main digest volumes. Replies to several questions show a demand for a run of longer period and also a desire for greater detail for individual industry statistics and more international comparisons. The survey also highlights features which readers consider to be very important. Top of the list, at 72 per cent., is consistency and comparability and this is followed by speed of publication, at 62 per cent. Ironically, though, accuracy came a poor third at 55 per cent. Price is at the bottom of

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## Confrontation of attitudes

**AFTER** Grunwick's outspoken reply to the findings of the Scarman inquiry, the stage seems set for a full-scale confrontation between the company and the trade union movement. APEX may well be careful, after the strictures of the report, not to call again for mass picketing — though it cannot prevent mass pickets from turning up uninvited. It may well also be careful not to risk a rebuff from other unions by requesting an illegal cut-off of vital services. Yet it will certainly do what it can, with the help of other unions, to bring the company to its knees by cutting off its supplies of materials. If it succeeds, the most likely result is the closure of the firm and the loss of jobs in an area where unemployment is particularly high.

The underlying confrontation, however, as it has been from the beginning, is one of attitudes. Grunwick accepts that better procedures for dealing with grievances may be needed, even if these are fanciful, and is prepared both to allow any employee who wishes it to have a trade union bargain on its behalf and to recognise the bargaining rights of APEX if the House of Lords reverses the judgment of the Court of Appeal. But it clearly doubts whether union representation would help the company, as the report suggests, and it rejects entirely the idea that it should reinstate strikers or make some sort of ex gratia payment to them.

**Letter and spirit**  
Its reasons for rejecting this idea are straightforward. First, some of those who were dismissed — and only subsequently applied to APEX for support — were dismissed for damaging the company's property, and the inquiry's finding that the violence was "short-lived" hardly weakens the management's justification for its action. Second, the company cannot reinstate some of those who have been dismissed and not others — even if it had not been able to get much higher productivity out of its reduced labour force — without laying itself open to legal action from the latter for unfair dismissal. Third, and this is a point which the inquiry stressed surprisingly little, the great majority of the existing labour force is opposed to the reinstatement of the strikers, not surprisingly after the treatment to which they have recently been subjected by pickets.

## A new blueprint for Rhodesia

THE BRITISH Government's new proposals for settling the future of Rhodesia are ingenious, courageous and, in certain important respects, highly unexpected. Viewed in the abstract, they also appear to represent a reasonably fair blueprint for making a swift transition to the creation of an independent Zimbabwe, based on universal suffrage. What is so far missing is that crucial ingredient — evidence of acceptability to all of the parties most directly concerned, both black and white, let alone to all of them.

The most unexpected, and the most courageous, element in the plan is the proposal that Britain should assume direct responsibility for running the country during the brief period of preparation for general elections and independence. The main risk here is that the ceasefire, which would be the pre-condition for establishing an interim administration, might break down and expose the U.K. to unpredictable commitments. It is remarkable that Dr. Owen has persuaded his cabinet colleagues that this is a risk which must be run, on the grounds that it may be the only chance of securing a peaceful transition to black majority rule.

**Momentum**  
The most ingenious element, and the one which offers the best guarantee that the risks of breakdown in mid-course could not impose an intolerable burden on the U.K., is the parallel suggestion that the United Nations should also be directly involved, with the mobilisation of a UN force to help ensure the maintenance of law and order. Just as the British political presence may, with luck, stand as a symbol of impartiality between whites and blacks, so a UN military presence could help to break the deadlock over the vexed question of who maintains law and order during the transition — the white Rhodesian forces or the guerrillas.

Procedurally, too, the UN ingredient may make it possible



**N**EXT week in Blackpool, the 113 trade unions affiliated to the TUC will be deciding how "orderly" their return to free bargaining should be. They will vote on a decision of the TUC General Council to maintain a vestigial incomes policy by insisting that all the pay settlements reached before July 31 this year must run for a full 12 months.

They will be debating the 12-month rule at a time when many trade unionists feel the Government has taken what it can from the unions and is now ignoring them. The TUC has successfully held for two years rigid, self-imposed, pay policies; it has been unable to deliver a third; the Government's answer has been to go ahead as if the much-vaunted talks with the TUC had never taken place, and to impose — by methods already severely criticised — an incomes policy almost as tough as the TUC model that has just ended.

If this sort of disenchantment is felt at the top of the trade union movement, there are more bitter feelings among the shop stewards. The message to the Government from the docks, the motor factories, the chemical industry and many others is this: "We gave you two years. You could not, or would not, turn our restraint to the country's advantage. We don't believe prices are going to fall as you say (it didn't last time you said it). So here is our claim for a 30 per cent. pay rise."

Some of the wage claims which have surfaced since August 1 — they have been as high as 50 or 60 per cent. — are clearly back-of-the-envelope calculations that are unlikely to be pursued. And to that extent both the Government and many personnel directors in private industry are sounding quite sanguine. But some of the claims are more firmly based, and make the Chancellor's exhortation to settle "well within single figures," including anomalies, look distinctly wishful.

## MEN AND MATTERS

### Murray, breezing to Blackpool

The man who appears most cheerful about next week's TUC gathering is the one you might expect to look most harassed: general secretary Len Murray. Yet a year ago, when a heart attack kept him away from his office for six weeks, it seemed as though his career was destined to be cut short. Visibly aged by the job, Murray was a self-confessed worrier, and there were forecasts that his assistant, Norman Willis, might have to replace him.

Since then, Willis has slipped out of the spotlight, and Murray says: "My heart attack was the best thing that had happened to me for a long time." The slimmed-down general secretary has lost more than a stone since last year) works shorter hours now and has cut out spirits. A few weeks after celebrating his 55th birthday he will confront in Blackpool what must be his toughest moment in trade unionism.

Murray insists the TUC has to show a big majority in favour of the "12 months rule" if pay restraint is to survive. He says he is confident that it will, notwithstanding the hostility shown in advance by the TGWU, with its massive vote, and the forces of the left.

The Congress will test to the utmost Murray's powers of persuasion. With the TUC rank-and-file his intellectual, Oxbridge background made him suspect in the early days. He is also far less of a socialite than his predecessor, the late Lord Feather; but his tenacity has earned him a bedrock of respect.

### Ball bails out

It is rare indeed for anyone to resign over policy disagreements

Congress that matters; and TUC leaders are arguing that if the Government continues to push the inflexible Treasury line, it will see not an orderly return to free collective bargaining, but a progressive collapse of the TUC policymakers' own attempts to instil moderation into post-Stage Two settlements. Such a collapse would put the social contract into deep freeze; ultimately it would compel Mr. Callaghan to act on the Government's repeated warnings to TUC leaders that if they cannot support him a general election is unavoidable.

On the other side of the fence, in Whitehall, the projections appear uniformly optimistic. The hoped-for TUC month rule will, in the Civil Servants' eyes, add considerable credibility to the informal but strict incomes policy that the Government has built upon the TUC General Council's commitment to the 12-month rule.

Another reason why Wednesday's economic debate is important is that up and down the country employers and union negotiators will read it as the signal for serious bargaining to begin. If the 12-month rule is carried — as most expect it will be — a climate of restraint will have been established and employers will probably feel less free to entertain claims outside the Chancellor's ceilings for pay rises, much as some of them may wish to do so in order to put their pay structures right and to attract and retain skilled men.

If the rule is defeated by Congress, both sides will be inclined to settle at whatever level they feel is necessary, and may doubt the Government's will or ability to clamp down with the discretionary sanctions that will be left to it. Many employers have already said they will look again at deals they have already struck, if the 12-month rule goes by the board.

It is too early to detect any real trends to show how bargaining will develop after Congress. In spite of a few well-publicised breaches or intended breaches of the 12-month rule and of the Government's pay norm, settlements have been scarce since August 1. According to CBI figures, up to the end of last week settlements for only 15,000 private sector workers had been reported, and these were almost all within the 10 per cent. ceiling, many of them being deferred Stage Two rises. In many cases — Leyland's action at Jaguar is the best-known example — employers have ignored rebellions and paid Stage Two settlements. On the other hand, the claims reported to the CBI covering 2m workers, are averaging 30 per cent. when all extras, including demands for a shorter working

# After Congress, come the pay problems

By CHRISTIAN TYLER, Labour Editor, in Blackpool

## Attempted breaches of the 12-month rule

- Groups "ducking" Stage Two 5 per cent. (£2.50-£4) deals:
  - 200,000 clearing bank staff: settlement due last July; claiming 10 per cent.
  - 71,000 ICI manual and clerical: due June; "substantial" and 30 per cent. claims.
  - 60,000 gas staff: due July 1; claim awaits TUC vote.
  - 40,000 Merchant Navy officers: due June; claiming 17.7 per cent.
  - 20,000 Chrysler workers: due July; claims around 25 per cent.
  - 6,000 Leyland Jaguar workers: due April; on strike for £20 a week. (Stage Two paid regardless.)
  - 6,000 Leyland Triumph, Coventry: due July; claiming £20 a week.
  - 3,500 Fleet Street journalists: due before August; various claims.
- Groups trying to reopen deals before end of 12 months:
  - 262,000 miners: conference target of near-double rates for negotiation in November; last deal March, 1977.
  - 30,000 train drivers (ASLEF): £30 a week claim; last deal April, 1977.
  - 30,000 dockers: claims of 20-100 per cent. by various dates; some ducking Stage Two settlements.
  - 7,000 Shell refinery manual and staff: 30 per cent. claim; last deal January.
  - 23,000 general practitioners: 15 per cent. claim. (Or 60 per cent. for next April); last rise April, 1977.
  - 32,000 hospital doctors: similar claims likely.
  - 300,000 TGWU construction workers: cut in working week to 35 hours.
- Post-Stage Two claims of major groups:
  - 1m. local authority manual: joint claim this month, for settlement in November; up to 43 per cent. quoted.
  - 250,000 hospital manual: similar claim would follow, for October.
  - 400,000 hotel and catering (wages council): 33 per cent. claim expected, for Sept.
  - 116,000 police: up to 104 per cent. quoted, for September.
  - 33,000 firemen: claim in preparation, for November.
  - 33,000 plumbers: "substantial" claim in negotiation, for backdating to August.
  - 55,000 Ford manual workers: company reply after TUC to claim for 15 per cent., plus consolidation, shorter week and fringe improvements, for October.
  - 20,000 Vauxhall manual: "substantial" claim for mid-September.
  - 20,000 Leyland Longbridge manual workers: 47 per cent. claim (£31 a week), for November.
  - 20,000 BBC staff: 30 per cent. claim, for October.
  - 44,000 Merchant Navy seamen: "substantial" for January 1.
  - 9,000 Upper Clyde shipyard workers: 26 and 50 per cent. claims.
  - 18,000 heating and ventilating workers (national agreement): 30 per cent., for August.
  - 8,500 provincial journalists: around 50 per cent. 15-month claim, for end-December.
  - 8,500 Kodak workers: balloting on 17 per cent. claim, v. 10 per cent. offered, for backdating to August.
  - 180,000 railmen (NUR): "immediate" claim for productivity pay rises; "target" claim, 6.5 per cent. for next April.
  - 850 air traffic control assistants: pre-pay policy deal for job regrading, up to 20 per cent. rises, refused by Government.

week are added in. As the table shows, some claims soar far above that average.

A number of companies have hit the headlines for paying over the odds. Their common complaint has been the need to match competitors' wage rates, or the going rate in the area. The U.S.-owned Heinz was the first to be noticed, and is now trying to renegotiate rises of up to 20 per cent. for 4,000 workers paid in breach of the 12-month rule. A Lancashire-based firm, General Engineering, was about to pay 15 per cent. and after visiting the Department of Employment, paid Stage Two rises and submitted a "fair wages" application for eventual hearing by the Central Arbitration Committee.

Nabisco, another U.S. firm, is reconsidering its 20 per cent. payments, again after a visit to Whitehall; but James Mackie and Sons, a private engineering company in Belfast, is still

apparently standing firm on its 22-23 per cent. rises for 4,000 workers, in spite of a Government threat to withdraw its aid under the Export Credit Guarantee Department.

Altogether, there are believed to be only 20 or so firms, out of 250 which consulted the Department of Employment and which have been subjected to questioning.

As for those which have reached the Government's blacklist — and are now under threat of being deprived of aid or public contracts — they are believed to number only a dozen, including three small suppliers detected by the Department of Health.

Yet for all the lack of serious bargaining in August, an awkward non-marriage between Stage Two and the TUC Congress and normally the quietest month of the year, trouble has broken out, in both the public and private sectors.

Most obvious have been the disputes involving air traffic control assistants, carworkers in parts of Leyland, and the nine-week strike of 1,200 Lucas toolmakers. Now there are ominous rumblings from the power stations and from the docks, unresolved conflict at Leyland's big Longbridge plant and battle preparations among BBC staff.

A number of well-known companies have smelt the whiff of grapeshot. Beecham has suffered a strike from workers trying to evade Stage Two. Unilever has several disputes in train. Kodak has been threatened with industrial action, Brooke Bond was given money back by some workers after it made Stage Two payments, and two of the big brewers, Allied and Whitbread have had trouble.

As can be seen from the table, the workers with the most immediate interest in the outcome

of next week's Congress is into three groups: those who have refused to accept Stage Two settlements for fear of being left behind other workers; those who have interpreted literally the return to free collective bargaining and who try to top up Stage Two deals, a those who have submitted begun preparing claims for anniversaries falling on or after August 1 this year. There is in addition to those mentioned in the table, many other important groups of workers — agriculture, insurance, transport and retailing — who come forward with claims at this time.

In many cases, national striators — including those in Transport and General Workers Union, which is opposing the month rule, would be asked to convey a majority decision in favour of the shop stewards or by delegates intent on satisfying what they believe to be their immediate and legitimate wishes. It may be that only way their dilemma will be resolved is if, once the vote is cast, bargaining has begun, and a suade the Government to lose the 12-month corset in part or cases. The most new candidate is probably Bill Leyland, which, as part of attempt to reform industrial relations and secure the future as a volume car producer is trying to bring all its plants onto a common settlement of November 1 this year.

It is the apparent intransigence of the Government, apparent in the air traffic control dispute, that worries a like Mr. Len Murray, the TUC general secretary. He has been highly critical of the Government's handling of the control assistants' case, who he has said he does not consider a breach of the 12-month rule, and clearly fears that exemplary but "soft" there could mean a hard later on. The Government, on the other hand, appears even more triumphant, about determination with which it countered what it considered an attempt by its own employees to violate the new pay at its very outset.

That the TUC and the Government should start to fall is not unexpected after four years of close contact. TUC has been here before, in 1968 when the White Paper in Place of Strife, started a break. Certainly if the TUC is not to choose between estrangement from the Labour Government and chaos in its own ranks, decision will not be long coming. Mr. Murray and his colleagues at the head of the unions will apologise to Government — and walk away.

## Will inflation eat away your legacy?

You can safeguard against this danger, by ensuring that it helps enduring work for which there is ever-increasing need.

Nowhere is the need greater (or growing more) than in the tragic problems of old people. As they live longer the sorrow of constant loneliness is added to the inevitable difficulties of infirmity and old age.

Time is not on their side. Help the Aged — with Day Centres where they find friendship. Work Centres for those intent on keeping active. Feeding Centres for the hungry overseas, and Day Treatment Hospitals here in Britain.

Among the well-known people who endorse the value of a legacy to Help the Aged are Lord Shawcross, Lord Gardiner (the charity's president), Lady Spencer-Churchill and General Sir Brian Horrocks.

Write or phone for interesting and helpful booklets on making wills and on reducing the impact of Capital Transfer Tax (Estate Duty). Free on request from: The Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT3L, 32 Dover Street, London W1A 2AP. Telephone: (01) 499 8972.



"If the unions get their way, we won't be bored with any holiday snaps this year!"

From the Board of one of those pillars of City life, a clearing bank. Rarer still is the sight of a public announcement of the reasons for the parting of the ways.

Yesterday that was the step Barclays took when it sprang the surprise of the departure of Charles Ball, a main Board Director by virtue of his chairmanship of Barclays Merchant Bank. He arrived to ginger up the merchant bank 15 months ago, having made a reputation as one of the City's best-known corporate affairs specialists while at Kleinwort Benson.

Ball, 53, is an undoubtedly tough operator who has figured in several major takeover battles. The immediate reason for the break with Barclays was the difference of opinion over whether medium-term lending originating within the main bank should be channelled through the branch network or the merchant bank. But that is clearly only part of Ball's wider discovery that a clearing bank could be a confining master. "I'm prepared to be rough," he said last night. "They were rather surprised at that."

Having qualified as an accountant, Ball was over 20 years with Kleinwort Benson, starting out on the investment side. Probably his most celebrated scrap while there was his successful defence of Telephone Rentals against a takeover bid from GEC. Several corporate clients stayed around when he switched to Barclays, and one — Tate and Lyle — successfully was acquired a protesting Manbré and Garton with the joint guidance of Barclays and Kleinwort.

Another recent tussle involving Ball developed in an unprecedented way when Kleinwort won legal backing to bar him from acting for the Herbert Morris group in a takeover situation because of his previous knowledge of the company's affairs.

Thus, Ball makes waves, which most clearing banks tend to avoid; so where next? With three months still to go at BMB, he has no idea yet. He has a few part-time Board posts, and wondered aloud about becoming "a professional non-executive director" without sounding too keen on the idea.

### Beauty time?

Duncan Davies, the new chief scientist at the Department of Industry, was in cracking form for the Design Council yesterday. Here was a chemist, fresh from a lifetime with ICI, offering an audience of eminent engineers his thesis on why people say "engineers have no aesthetic sense."

Designers had become separated into two cultures no less sharply divided than those of C. P. Snow, said Davies. There were aesthetic designers. And there were engineering designers — those who designed chemical plants, silicon chips, oil rigs. Since the war new products of engineering had

Handwritten signature or scribble.

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# FINANCIAL TIMES SURVEY

Friday September 2 1977

السنة الثامنة

# Reinsurance

The 21st International Insurance and Reinsurance Congress is being held in Monte Carlo from Monday, September 5 until Saturday, September 10.

Reinsurance is a highly specialised sector of the insurance industry which rarely sees the limelight but which nevertheless provides an essential service. In these days of massive single operational units, with their attendant catastrophe risk, it is unchallengeably a major growth area.

## Coping with the big risk

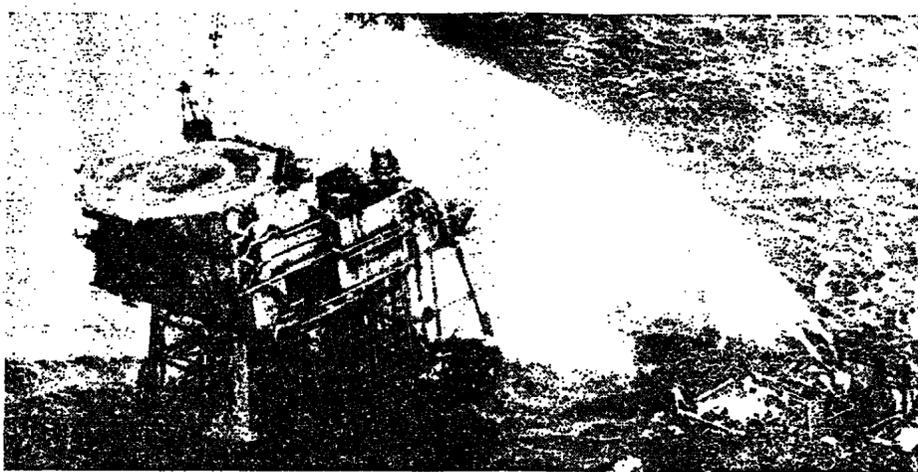
By Eric Short

THERE IS no doubt that reinsurance is the major growth sector for the U.K. insurance industry, not only now but in the foreseeable future. Over half of the business transacted at Lloyd's is reinsurance. Growth in the direct underwriting side of the business can be expected to be much slower as the emerging nations set up their own insurance organisations and keep more direct insurance business within their own territories.

now measured in millions of pounds and in some cases in hundreds of millions. To cope with insuring risks of this size, the insurance industry is having to reassess its methods of operation, especially in the way the risk is spread. For it is far too large for any single insurer, even the biggest, to cover by itself. Co-insurance is growing, whereby the risk is underwritten by a number of insurers—companies or Lloyd's syndicates—all taking a smaller percentage of the risk than they would have a few years ago.

But even this does not spread the risk sufficiently. There is a strong need to reinsure these risks further with the aim of ensuring that no insurer or reinsurer goes insolvent on account of the big risk claim. This year there have been some very expensive as well as tragic disasters—the Tenerife air crash, the oil field fires in Saudi Arabia.

Reinsurance is as old as the insurance industry itself and just as vital, if not more so. The basic principle of insurance is to spread risks so that if disaster occurs, bankruptcy does not follow. This applies even more to insurers than to individuals. If an individual goes bankrupt very few others are affected. If an insurer goes insolvent, then hundreds or thousands of people, organisations and companies are directly affected. It could have a domino effect on the security and solvency of insurers is paramount. The controlling authorities in all countries in 1974. The extent of the damage was such that had not some of



The fiery blow-out on the Bravo platform in the Norwegian Ekofisk field earlier this year—an instance of the major disaster risks always lurking in offshore oil and gas rig operations.

respective insurance industries very closely indeed. How should an insurer spread his risks? The answer is as widely as possible, so the best solution is to spread risks on a world-wide basis giving both a currency and geographical spread. The need to go beyond national boundaries was highlighted by a series of natural disasters which hit Australia in 1974. The extent of the damage was such that had not some of

the risks been reinsured outside the country instead of being kept entirely within the country, it is doubtful whether the Australian insurance industry could have survived. In this respect the move by the emerging countries to keep reinsurance as well as direct insurance within their own territories looks to be misguided. The reasoning behind this move in keeping all premiums and currency within

the country is understandable, all insurance within its own boundaries. The growth of the big risk has forced insurers to look at the world markets from time to time in North America. The time because of capacity emerging countries should therefore ensure that their capacity will meet a catastrophe available, but that situation and any excess should be re-insured worldwide. It is going to be a long time before any country, even the most advanced, will be able to keep the risk world-wide is still a

very real necessity. The present surplus capacity means that more of the risk can be retained. London has always been a major world centre for reinsurance as well as insurance. The historical strength of sterling over the centuries has played a dominant role in giving London this position. But the latter has been shaken over the past two or three years by the weakness of sterling. It has meant that a risk that was viable in sterling terms was a loss situation in original currency had weakened. The present stability of the pound has come as a welcome relief to insurers and reinsurers alike, but even so the large reinsurers have been turning more and more to keeping the premiums invested locally so as to reduce the risk of currency depreciation and the Bank of England has made recent concessions to enable reinsurers to do this.

has done well out of the high level of interest rates on short-term investments. But the more prudent operators have always regarded this as the icing on the cake and considered it essential to get the correct rating so that underwriting would show a profit on average. Investment income should be regarded as providing the owner's profit and increasing the reserves.

North America has always been a leading source of business for reinsurance and in the past two or three years the flow has steadily increased. Much of this business was lost in the rate-cutting war carried on by certain American insurers who went for cash flow and investment income rather than underwriting. Inevitably they got their fingers burnt and the prudence of U.K. reinsurers in keeping out of the way has paid off.

In this respect the industry has done well out of the high level of interest rates on short-term investments. But the more prudent operators have always regarded this as the icing on the cake and considered it essential to get the correct rating so that underwriting would show a profit on average. Investment income should be regarded as providing the owner's profit and increasing the reserves.

## Funds

The continuing high rates of inflation world-wide still pose problems, in that insurers cannot generate sufficient internal funds to expand their asset bases to match the value growth arising from inflation. Periodically they are going to seek funds elsewhere. Lloyd's at present is suffering from an embarrassment of riches in that membership applications this year are more than double the previous year's record, so new funds are ample. With the insurance companies, however, recourse to shareholders seems inevitable if solvency margins are not to come under pressure. The development of local insurance industries in the younger countries, fostered by the intense nationalistic feelings within those countries has already been mentioned. Although it has had an impact on direct insurance, it has resulted in a boost to reinsurance business in Britain and other world reinsurance centres.

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CE Heath look forward to welcoming their friends from around the world

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A blockade near Serese in Italy used to seal off the area which had been contaminated by poisonous gas in last year's catastrophe.

Inflation adds to the burden

THE WHOLE operation of insurance depends on stable economic conditions, if it is to be viable. The insured enters a commitment and pays his premium, the insurers pay out on values pertaining at the time of the claim. If monetary values have changed substantially between the time of payment of premium and payment of the claim the insurer has lost out on the transaction. Take for example, an insurance contract written at the beginning of a calendar year to insure a factory. The underwriter bases his premium rate on the value of the building at the time. Subsequently a claim is made relating to a fire on the premises on the last day of the year, but over the year property values have risen by 10 per cent, so the underwriter has lost on the deal simply because of inflation.

But underwriters are not all that naive. They allow for inflation in calculating their premium rates—the problem is what rate of inflation to allow for. This is a competitive market. If the underwriter assumes too low a rate, then he still loses overall. If the rate assumed is too high then his rate will be uncompetitive.

Similar problems apply to exchange rates in terms of overseas business. The underwriter calculates his premium on one rate of exchange. He receives his premium in the local currency, converts it into sterling, then changes sterling into the local currency to pay the claim. If sterling has weakened between receipt of the premium and payment of the claim, the underwriter has made a loss. Inflation and exchange rate movements are two variables in an underwriter's calculation which in recent years have assumed great importance. He has to assess the size of the risk and also the trend of inflation and movements in sterling—forecasts that the experts in wrong.

Reinsurers are particularly exposed in the traditional this field have got consistently excess of loss business. Under this type of reinsurance the direct insurer's liability is limited by a fixed cut-off point with the reinsurer carrying a long tail risk. The chance of that risk occurring may be very small, but when it does the liability can approach an open-ended commitment.

However, all these additional problems have meant that reinsurers have had to employ their ingenuity and expertise in seeking solutions. The only and absolute alternative is to throw in one's hand. The ability of the insurance and reinsurance industry to carry on in face of the difficulties of the past few years has strengthened world regard for U.K. insurance.

Insurers have had to be much more careful in defining the cover they are offering. Inflation adjustments of one sort or another are now much more common and are built into many insurance contracts. Reinsurers have introduced a stability clause to deal with excess of loss which effectively provides for a moveable excess point linked to some form of index—like a wages index.

Attempts have also been made to introduce sliding scales of reinsurance premiums according to the level of claims. The idea is for the reinsurer to fix minimum and maximum premiums with allowance for variation within a certain range. This has met with a mixed reception. Despite all human ingenuity, inflation will remain an uninsurable risk and it is certainly in the interests of the insurance industry as well as for others for the Government to keep inflation under control. It is not the running of the operations. Ready access to world reinsurance markets is a necessary prerequisite for successful insurance underwriting.

Secondly, they can assist in the training of local insurance personnel. Insurance operations depend not only on an adequate capital base; they depend even more on adequate qualified staff—from underwriters, investment managers, specialists to humble administration clerks. U.K. firms have been busy training overseas insurance men from the top to the bottom and passing on the knowledge acquired over two centuries. This is the strength of the U.K. reinsurance industry and the main reason why it will continue to flourish.

Reasons

Then again, there may be sound insurance reasons for departing from a matched position. The economy of a particular country may be weak, so that holding assets in that country would not make sound business sense. One important reason for the dominance of London as a world insurance and reinsurance centre has been the large capital market with a wide and easily assessable variety of investments. Reinsurers have been able to invest and realise millions of pounds in a comparatively short time. In some markets such transactions would be virtually impossible.

One important consequence of the troubles of the past few years is that much more emphasis has been placed on investment management. So far as currency risk is concerned, the solution is to match assets and liabilities as far as possible in the same currency. This would work were there no currency restrictions, but all too often exchange control regulations make it difficult or even impossible, to achieve this matching. Here Britain is among the worst offenders despite the recent relaxation of rules by the Bank of England.

What it must not mean is investment risks are taken and outperform inflation. The lower rate of inflation in the U.K. over the past 7 years from the hyperinflation of 25 per cent, and the stability of sterling has alleviated writers' problems at least temporarily. But never again will they be able to take for granted the currency stability and gentle rates of inflation pertained in the 50s and 60s. The easing of these problems is regarded as providing breathing space for the country to think hard and re-examine the methods of meeting high inflation rates and unstable currencies. Even the most optimistic among us would be prepared to state categorically that such conditions were experienced in the 70s could ever return in the next decade or so.

Eric Sho

Underwriter

Similar problems apply to exchange rates in terms of overseas business. The underwriter calculates his premium on one rate of exchange. He receives his premium in the local currency, converts it into sterling, then changes sterling into the local currency to pay the claim. If sterling has weakened between receipt of the premium and payment of the claim, the underwriter has made a loss. Inflation and exchange rate movements are two variables in an underwriter's calculation which in recent years have assumed great importance. He has to assess the size of the risk and also the trend of inflation and movements in sterling—forecasts that the experts in wrong.

Coping

CONTINUED FROM PREVIOUS PAGE

The economies of these countries are in general not sufficiently broad to support insurance operations that could withstand large claim payments. They have a large part of their risks, no matter how much they desire to retain the funds within their own country, and a large part of that business must come to London. Insurance brokers are playing a dominant role in the world-wide development of reinsurance, their connections making it an advantage when it comes to arranging reinsurance treaties and placing business. This takes time to acquire and U.K. insurance brokers have been to the fore in this development and have been linking up with local insurance industries where they can fulfil a dual role. First, they can place the reinsurance for local insurance industries, assist in underwriting and advice in general on

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Secondly, they can assist in the training of local insurance personnel. Insurance operations depend not only on an adequate capital base; they depend even more on adequate qualified staff—from underwriters, investment managers, specialists to humble administration clerks. U.K. firms have been busy training overseas insurance men from the top to the bottom and passing on the knowledge acquired over two centuries. This is the strength of the U.K. reinsurance industry and the main reason why it will continue to flourish.

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July 1977

Dr. Klaus Gerathewohl

Rückversicherung - Grundlagen und Praxis

Reinsurance - Principles and Practice

Volume 1:

The extremely rapid development in the economic, technological and social fields has led to greatly increased risks and to a growing demand for insurance in the last few decades.

Reinsurance was, and still is, confronted with tasks which have become ever more difficult. Devote this development, there is a gap in the specialized literature on the subject of reinsurance. The two volumes of "Rückversicherung - Grundlagen und Praxis" in German are an attempt to fill this gap. A description is given for recent findings in reinsurance and of how they fit into the whole reinsurance picture. Volume I deals with the underwriting, commercial and legal aspects of reinsurance and with the techniques and execution of the individual reinsurance agreements. Volume II, which will be published in the course of 1977, will deal with specific questions relating to the reinsurance of individual classes of business.

Both volumes are scheduled to be published in English at a later date.

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# REINSURANCE III



The chemical plant explosion at Flixborough in 1974 which besides the very large direct claims involved sounded a public alert on the environmental consequences of such a disaster.

## London reigns as world centre

LONDON'S POSITION as the world's reinsurance centre dates back to just after World War I. It was seriously threatened before the 1914-18 war when Germany and Switzerland were vying with each other for recognition as the world's leading reinsurance market. For obvious reasons, neither was able to maintain its position when hostilities ceased. London, which had long dominated the core straight-forward areas of insurance, was the obvious candidate to fill the gap. In the intervening years the size of insurance risks has grown apace with reinsurance becoming a very familiar and necessary part of the financial scene. London's importance in the reinsurance world has increased along with the size of the risks. The 1975 earthquake in 1972 was estimated to have cost about \$100m, about 30 per cent of which was paid by the London market. The Guatemalan earthquake ran up a damage bill of \$18m. And again London's share was estimated at 30 per cent. London also paid a major part of the \$124m which was re-

covered from overseas after Cyclone Tracy inflicted \$A200m of insured damage on Australia in 1974. The size of these insurance claims illustrates the importance of reinsurance and the high degree of financial skill which must be contained in the reinsurance market. In a booklet published earlier this year entitled 'London as the Reinsurance Centre' Mr. Julius Neave, the general manager of the Mercantile and General Reinsurance Co. defined the main requirements for the world reinsurance centre. He said: 'The desire and willingness to provide cover must be there and with this there must also be the inventiveness, flexibility, ingenuity and the skill to innovate which are to be found in every market place.' He then went on to say: 'Nowhere are these characteristics more obviously to be found than in London where a would-be insured or reinsured will discover an almost infinite variety of differing underwriting views willing to consider his particular needs.'

### Giant

Even without Lloyd's, though, London would still be a force to be reckoned with in both the insurance and reinsurance markets. This because of the development over three hundred years of Britain's giant composite insurance companies and groups. They differ from Lloyd's mainly in their marketing approach: while most of them will willingly deal through brokers, much of their business comes from their own marketing efforts overseas. Working either with Lloyd's or through one of the composite reinsurers, the professional reinsurers. These differ from other insurance specialists in that the reinsurer deals only with insurers themselves. They may operate directly with the client or accept business through brokers. There are relatively few of these currently in operation but their scale of knowledge and expertise must be considerable and their dealings can have no geographical limitations. They have to be well acquainted with all of the major problems which currently face the international reinsurer, including such catastrophic risks as earthquake, flood or windstorm. This highlights just how complex the business of reinsurance is and how important it is that the services and facilities available within an international insurance market are of the highest quality. Fortunately the City of London is well equipped with a very high level of financial and professional talent. Indeed in a paper to the Insurance Institute of London early this year Sir Francis Sandilands, chairman of the Committee on Invisible Exports, said: 'In this compact square mile has developed a wide variety of international markets and financial services of many kinds—much wider and greater than anywhere else in the world.'

### Bigger

What does seem clear, though, is that risks will continue to increase in size and as other countries become more active in insurance London as the world leader will be able to help spread the risks over a wider international range. As the U.S., Europe and the Far East develop their insurance facilities so they will all become more involved in the reinsurance field. This will mean that there will be more countries getting a slice of the insurance cake but the cake is growing steadily and London's slice should also get bigger rather than smaller. That is good news for the national economy. Underwriting profits derived from non-U.K. insurance business is small but insurance still ranks as the largest single item in the national invisible exports accounts, and reinsurance is responsible for more than half of that.

Tom Kyte



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REINSURANCE IV

# More competition from abroad

REINSURANCE remains a rapidly growing business fuelled by the move in industry, world wide, to larger units of operation such as the supertankers and jumbo jets and those now seen in the petrochemical sector. But competition to gain a slice of this fast growing cake is hotting up. Once London companies dominated this market but many countries are now setting up local insurance industries and competition for reinsurance business on a world-wide basis is keener. More over a number of companies from America and the Continent have opened branches in London to bolster their geographical coverage.

This increased competition comes at a time when the U.K. reinsurance companies are suffering from the effects of inflation and the impact of a weak currency. Inflation has resulted in higher capital values which in turn has meant higher premiums but there has not been a similar increase in the asset base of the reinsurance companies. In some cases this has resulted in business being turned away due to a lack of capacity. Couple this with the falling pound, which has forced many to avoid the London market, and it is easy to understand why the threat of overseas competition is growing.

U.K. and this in turn has prompted many of the larger European organisations to form subsidiary reinsurance groups in the U.K.

This overseas threat is giving a number of U.K. reinsurance companies some cause for concern although there are others who would argue that this trend is a useful development of the London market. They claim that the world reinsurance market because of its ability to provide a wide and diversified range of underwriting views. So if the growing requirement for reinsurance cover is to be met then the London market must maintain its multifarious image and to this end an injection of new blood must be useful.

Apart from the growing number of reinsurance companies in the U.K. the London market is now facing competition from local insurance industries that are being formed in the developing countries. There is a strong nationalistic feeling in these countries which together with the urge to protect foreign reserves has led to the formation of reinsurance operations on a local basis. This ensures that the country is able to retain as much of the premiums as possible.

But by and large the London reinsurance market has tended to benefit from this growth in the developing countries. A significant proportion of the reinsurance business has been directed abroad mainly because the risk involved would almost certainly prove too great for one country to bear. If they tried to support insurance operators in large risks, the event of a catastrophe would prove disastrous on the local economy.

The natural disasters in Australia during 1974 are a good case in point. Had these risks been covered locally and

not spread on a world-wide basis then the whole of the insurance industry in that country would almost certainly have been made insolvent.

Moreover, the high level of technical skills needed to organise a successful reinsurance market are not always readily available. And if a substantial risk is covered by one nationalised concern there should be an even greater need for well distributed reinsurance. So there is an incentive for U.K. concerns to promote some form of local insurance industry in countries where there is no restriction on foreign insurance business. Indeed, many of the London brokers are offering some form of technical assistance. But while this assistance is bound to aid further business relations there are no easy pickings in these developing areas. Competition is very fierce, particularly in the Middle East and most of the world majors are seeking business.

### Edge

But the U.K. companies need to improve their competitive edge and actively seek new business in these new areas. The slide in sterling would have taken some toll on the level of business placed in London. Some international reinsurance companies would have been reluctant to place business solely in London since the effects on the U.K. companies' long-term contingent liabilities could be considerable. True inflation and a falling pound increases the level of premiums when converted but the reverse is true when an overseas catastrophe is returned in sterling.

But while the U.K. companies already well established in these areas may be keen to see the continued growth of these insurance markets in the developing countries they are bound to

the London market. The Singapore government recently acquired a controlling interest in Asia's only multinational reinsurance group to underwrite business for mainly Asian reinsurance companies. Prior to this development the bulk of reinsurance business in Asia had mainly been placed in other centres around the world in particular London. Again the main motive behind this move was to stem the outflow of reinsurance funds from the region. The currency exchange drain would be minimised and the funds could be utilised for regional investment purposes. The local government has also changed the tax laws to promote the growth of the local reinsurance industry.

The whole industry then is becoming more competitive both in the U.K. and the world markets. But London should be capable of maintaining its role as the leading centre for reinsurance. The expertise built up over a number of years coupled with the ability to give a wide range of underwriting views and deal in numerous currencies are all qualities that are not acquired overnight. Moreover London enjoys easy access to world markets while it will always instil confidence to the overseas operator given the strict controls that are maintained in the insurance sector. Following the collapse of Vehicle and General the government has taken an active role in the policing of the insurance industry.

Profit levels are likely to suffer from intense competition but as the growing proportion of reinsurance business now being conducted at Lloyd's illustrates, the London market is still taking a fair share of the expanding cake.

David Wright

### Factor

The entry of the U.K. to the EEC opened up a new insurance area and this was also a major factor behind the accelerating trend of new companies being formed in the U.K. The object here was to use London as a base for a move into Europe given that there was a relatively easy access to the rest of the EEC.

Moreover, with tougher laws it is becoming increasingly difficult for overseas companies to operate branch offices in the

## The importance of intermediaries

FOR A variety of reasons a greater proportion of international business is being written as reinsurance rather than on a direct basis. A growing volume of this reinsurance is being placed through specialist insurance brokers who operate on a truly international

scale. For instance, London reinsurance brokers place Eastern bloc reinsurances in London and other centres, while at the same time arranging outward reinsurance for the London market throughout the world.

Traditionally, reinsurance has been used to spread risks widely over a number of insurers and to even out the peaks and troughs of underwriting experience for individual reinsured companies. Nowadays there are other reasons for placing reinsurance, and here brokers are playing an increasingly important part.

In some cases the only way insurance can be placed outside a particular country is by means of reinsurance. Where a country has a relatively small domestic market its retention is clearly quite low, with a substantial amount of outward reinsurance required. Here insurance brokers can provide the necessary facilities and, provided the security of the domestic market is considered adequate, they may be able to provide inward reinsurance—perhaps in the form of reinsurance from the London market.

### Direct

In some parts of the world, for major insurances, local companies may be little more than a "front." Take the case of, say, a major construction contract which normally might be handled on a direct basis by a major firm of brokers. There may, however, be reasons why the business should be seen to be written locally. In such case the brokers may arrange the insurance (which otherwise would have been written on a direct basis) as a reinsurance of the local company. Naturally, in that event the terms of the insurance are negotiated with the reinsurers, since the local company may have little experience of this business and in any case would be able to retain no more than a small proportion of the risk.

To simplify the procedure, the broker may make arrangements for premiums to be paid direct to the reinsurers, by passing the local company, and for the reinsurers to pay any claims direct to the insured organisation. The local company may simply receive a commission in

some form for lending its name to the insurance.

Insurance companies throughout the world are gradually moving away from the idea of making direct arrangements with each other to exchange reinsurance of each other's business. That was one of the traditional approaches to reinsurance, allowing business to be spread widely and providing the opportunity to share in the profits earned by other insurers.

Writing that type of reinsurance, when a company is solely in the hands of another underwriter, has not always been profitable over the past few years, with the result that increasingly complex forms of reinsurance have been developed to give protection to insured companies and the prospect of a reasonable return to the reinsurers. Reinsurance brokers have played an important part in tailoring reinsurance arrangements to meet the specific needs of companies seeking reinsurance protection—on terms which are acceptable to reinsurers.

There has been a very strong trend towards excess of loss reinsurance, rather than "pro rata" reinsurance. With the former, the reinsurer negotiates with the broker in much the same way as a direct insurer negotiates over direct business. Essentially, the excess of loss underwriter is looking at a risk and deciding what to charge for that risk, depending on his knowledge of the market and the information provided, without being bound in any way to the rates of premium charged by the direct writing company.

While an insurance company, or a syndicate of underwriters at Lloyd's, can ask a broker to arrange facultative reinsurance of a particular risk, it is often more satisfactory for brokers to set up reinsurance facilities for certain types of business, so that the cover is available to whatever extent may be required. As is well known, the London insurance market writes a substantial proportion of the business connected with oil and gas exploration and production in the North Sea, although currently it is facing a certain amount of competition in this area from the U.S.

Without sophisticated reinsurance arrangements, arranged by leading brokers in the London

market, it would not be possible for the London market to write such large proportions of the original business. These facilities allow insurers throughout the world to participate, knowing that the original business has been written by those underwriters with most experience in this specialised sphere.

Inevitably, there is a continuing move among major international companies to "self-insure" to a greater extent than in the past. In some cases, one of the most satisfactory ways of achieving this is for a company to set up its own captive insurance company—probably in a tax haven. The captive, however, will not be able to retain a great deal of risk, and thus will look to the reinsurance market for protection.

The whole idea of a captive insurance company can succeed only where there is adequate reinsurance available, at realistic rates of premium. In many cases, major brokers give guidance on the setting up of captive insurance companies.

CONTINUED ON NEXT PAGE



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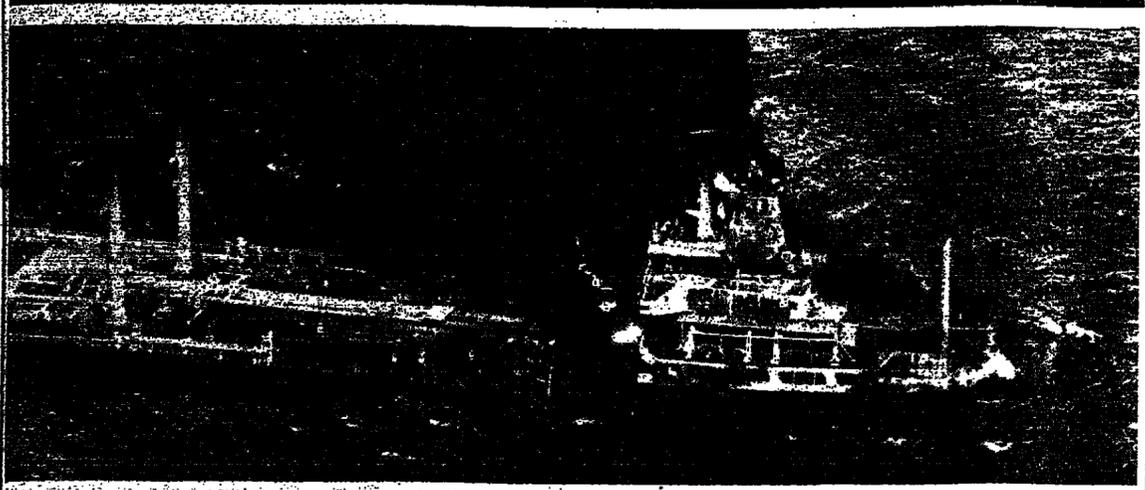
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REINSURANCE V

مكة امه ليد



The fire on Pacific Glory off the Isle of Wight which led to large claims

Lloyd's worldwide

THE REINSURANCE market pound took last year is a fur-  
 gushrooming worldwide and then factor undermining Lloyd's  
 gane with it, business down in ability to take on new business.  
 one Street is booming. For it is possible to cope with these  
 here, straddling the road is problems as long as there is a  
 Corporation of Lloyd's, prob- continual flow of new members.  
 ily the largest single force in Until very recently that has not  
 the world reinsurance market been the case as private  
 was the presence of Lloyd's wealth on the scale needed to  
 hich traces its origins back become a name has been in de-  
 the coffee houses of London cline in this country for years.  
 the 17th century, that made But a steady stream, or per-  
 e London insurance market haps more of a flood, over the  
 le force that it is today past two years of applications  
 Lloyd's influence in the re- to join Lloyd's is set to make  
 insurance business must surely all the difference. A couple of  
 second to none, and it has years back Lloyd's underwriting  
 an been suggested at times syndicates had some 6,000 to  
 at Lloyd's should run down 7,000 members. In 1976 there  
 ect business to concentrate were some 1,000 applications,  
 efforts in the reinsurance last year there were 2,300 and  
 rket. However, Lloyd's is this year Lloyd's is currently  
 likely to depart from its siting through more than 4,000  
 ronal format, for its involve requests to join.  
 nt in both direct underwri- Capacity  
 g and reinsurance enables it By the end of this year  
 gain experience at both ends Lloyd's could have nearly 15,000  
 the spectrum which proves members on its books, double  
 nable when gauging pre- the figure of three years ago,  
 Lloyd's is not a company with and therefore in theory  
 rholders or owners but is doubling its underwriting  
 rrouping of insurance under capacity. I say in theory  
 rters, both men and women because members can increase  
 to accept risks for gain, but their investment in a syndicate  
 liable to the full extent of and there has also been the  
 ir own fortunes to meet in- introduction of mini-names  
 ance claims. Until recently which do not have to invest as  
 could have meant the shift much as a full member.  
 one's back. Now you can Surprisingly, the advent of  
 p the clothes you stand up the mini-names, where the pro-  
 Even though Lloyd's may be- portion member only has to show  
 dominant force in the market- realisable assets of £37,500  
 has been bedevilled until rather than £75,000 has not led  
 ly recently with a lack of to a boom in this category.  
 acty to take the business of adopted as a way to encourage  
 red to it. The amount of flagging membership  
 siness that Lloyd's can under- names never really caught on  
 te is directly related to its more than a tenth of the  
 rlying assets for obvious Applications under considera-  
 ions. However, those under- tion are potential mini-names.  
 g assets are based on the But why has there been this  
 vate wealth of the underwri- rather sudden revival in  
 or "names" as they are re- interest? The accounting  
 led. The headache comes when system at Lloyd's works along  
 out of business flowing into the lines that three years lapse  
 idon is not only increasing in time but the size of the risks  
 but the size of the risks being constantly pushed up  
 and being constantly pushed up the profits (or losses) are  
 and inflation. The tumble the cleared throughout the syndi-

cate. The last accounts for 1973 showed a profit of £110m, which shared among the 7,105 members amounts to an average of £15,500 per member. Some syndicates do better than others but it is easy to see why membership is popular, and why overseas investors are taking a bigger interest, though they are still very much in a minority.  
 Yet if there are high rewards there are corresponding high risks, though no one in living memory has ever moved out of Lime Street to Carey Street as a result of being a Lloyd's underwriter. But each member's personal fortune is at stake—the commitment is totally unlimited.  
 Potential members have to show that they possess readily realisable assets of £75,000 for home applicants and £100,000 for overseas membership. (The mini-name is half that amount.) But it would not be enough, for example, to put up a house worth over £75,000 to gain membership. There are two levels of assets: and a house's value falls into the second category, which can only account for up to 40 per cent of total assets. The first category is strictly limited—when it says readily realisable it means it. Assets in this category include cash, Stock Exchange securities or life policy surrender values. Having proved the pre-

requisite amount of wealth the combined with technical innova-  
 syndicate which the applicant tion has made some of the  
 will join will require a deposit potential risks look incredible.  
 of at least £10,000, and more The possibilities of a disaster  
 likely £15,000. The deposit must likely £15,000. The deposit must  
 be cash, gilts or some blue chip in the North Sea is a case in  
 securities which are acceptable. point. So claims experience  
 Traditionally reinsurance peaks and troughs but a syndi-  
 throughout the world is con- cate builds up no reserves, apart  
 ducted on a proportional basis. from some small provision for  
 That is where the reinsurer outstanding claims, as all the  
 takes on part of the risk directly profit is distributed. The mem-  
 taken up by an insurance com- ber may suffer quite hard in a  
 pany. Of course much of this bad year though syndicates do  
 type of business is taken on often arrange re-insurance at  
 at Lloyd's, especially where the end of an account to cover  
 nationalism has kept the direct themselves.  
 business in the country of There can be very few large  
 origin. risks in the world that Lloyd's  
 is not involved with in some  
 way, and with its new-found  
 capacity this should continue to  
 be the case. There is even the  
 possibility in some areas of a  
 hint of overcapacity though in  
 the non-marine and aviation  
 markets there are some pockets  
 left where the undercapacity is  
 still a difficulty, such as certain  
 types of business in North  
 America.  
 Nevertheless Lloyd's as a  
 whole can hardly grumble that  
 its new membership is not keep-  
 ing up with the demands of  
 the market, and with the  
 insurance market in an upswing  
 the prospect for profit in 1978  
 look promising. That should  
 keep the new names coping in.  
 Terry Garrett

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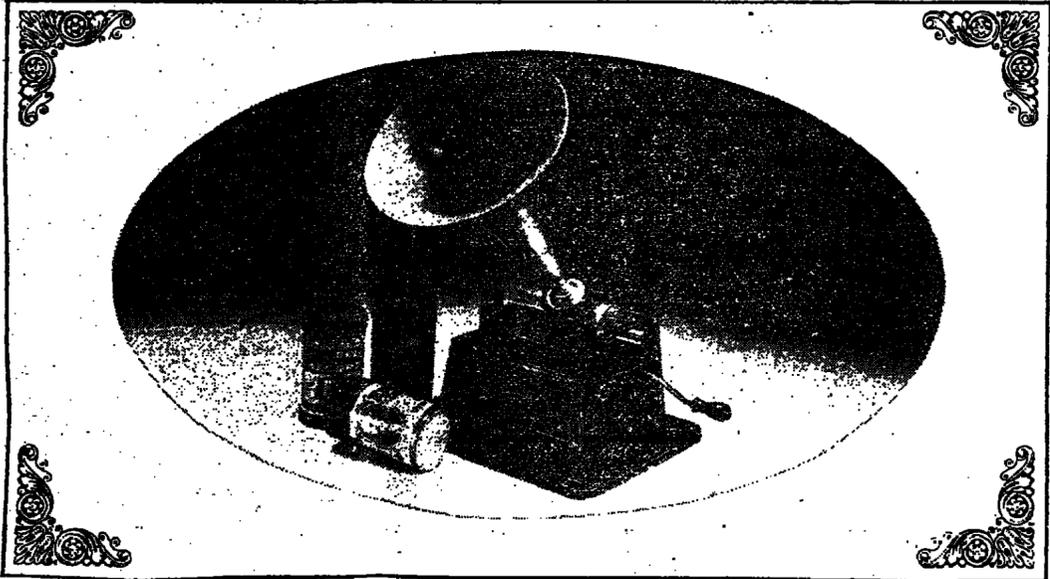
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Importance

CONTINUED FROM PREVIOUS PAGE  
 insurance companies, and reinsurance, might not be pos-  
 sible. This is particularly true  
 for them in the case of U.S. casualty  
 reinsurance, where different classes  
 of risk, including medical mal-  
 practice, are being reinsured in  
 a direct insurance of the London. This means that cover-  
 age can be provided to those who  
 need it in the U.S., and on  
 terms which London under-  
 writers will, in general, prove profitable to  
 them.  
 There have been problems for  
 British insurers writing over-  
 seas business, because of  
 fluctuating rates of exchange.  
 Currency accounting has been  
 restricted almost exclusively to  
 sterling, U.S. and Canadian  
 dollars. This year various  
 guidelines have been drawn up  
 by companies and brokers so as  
 to start a system of settlement  
 in original currencies, instead  
 of conversion into sterling  
 before payment to brokers.  
 As from January 1 next, it is  
 expected that 15 of the major  
 brokers will be accounting in  
 Deutschmarks, French francs,  
 Japanese yen, Dutch florins and  
 Swiss francs. These 15 brokers  
 are responsible for a large por-  
 tion of all the overseas  
 broker-controlled business reach-  
 ing the London market. At some  
 stage in the future a further five  
 currencies may be added, and  
 then perhaps a few more.  
 It is not envisaged that the  
 idea will spread to all the cur-  
 rencies in which policies are  
 issued. Insurers might not want  
 to hold some currencies, and it  
 might be difficult to hold cer-  
 tain currencies. Nevertheless,  
 arrangements may be made for  
 some conversions to be made  
 into currencies other than  
 sterling.  
 John Gaselee

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REINSURANCE VI



The aftermath of the jumbo jets collision at Tenerife in March. It will be several years before claims are settled.

North American market picks up

THE REINSURANCE market in North America seems to be passing through a classic cycle. After three and a half years of famine it has begun to swing into a new era of plenty the momentum of which seems assured up to the end of 1978.

For the first time since the middle of 1973 loss reserves are beginning to be predictable again; premium rates are at a level which allows for reasonable profitability; and the index of combined ratios is at last on the right side of 100. The signs of returning health had begun to show midway through last year but not until the first quarter of this year was the trend really clear. At that point two of the big three stock houses—General Reinsurance and the ERC Corporation—came back into the black on underwriting. Even more significant, both sets of figures were accompanied by implications of further improvement to come. The third of the trio, American Reinsurance, still has problems to overcome but even here a return to underwriting profitability does not look like being long delayed.

There is still room for further and considerable improvement, however, as the ratios bear out. In the first quarter of 1976 the reinsurance index of combined ratios was showing losses of 103.9. By the fourth quarter it had turned the corner to profits of 99.3 but the year as a whole showed a slight deficit with ratios of 101.3. In the first quarter of this year the ratios still pointed marginally down at 100.5 but the provisional second quarter figure is a healthier 98. By the opening quarter of next year all the



First demands are just being met on the Turkish DC 10 crash north of Paris in 1974 when all 346 people aboard were killed.

pointers are for more traditional ratios of around 92 or 93. The factors which lie behind the recovery in the industry are to be found in the causes of the recession which occurred half way through 1973. They were inflation, competition and a stock market downturn. As inflation began to boost insurance claims in the primary market so the primary insurers increased their own cover through reinsuring their excess of losses. The field was attractive enough to encourage new entrants to the industry, which began to suffer from over-competitiveness leading to a price war. At the same time investment income took a dive as Wall Street, having peaked out in January 1973, went into a two-year downturn.

With rates cut to the bone and lacking support from invest-

ment income loss-reserves came under great strain as each new insurance claim was settled at an inflation-linked percentage increase on its predecessor. Now two out of the three factors have begun to reverse. Premium rates, which increased by only 7 per cent in 1973 and 8 per cent in 1974, went forward by 23 per cent in 1975 and again in 1976, while in the first quarter of this year alone there has been a 20 per cent increase. The increases have been made possible by the rapid exit from the reinsurance field of many of the players who had brought about the price-cutting war in early 1974.

Ratio

They have also come about through the increase in new business taken by primary insurers who are either unwilling or unable to carry extra potential losses on their own. Like the reinsurers, they too have had their capital squeezed between inflated claims and declining investment income and their capital bases still are far from comfortable.

Traditionally the ratio of premiums written to capital in the primary insurers is about 2½ to 1. At its worst the ratio was 4 to 1. Now it is back down to 3 to 1, but this is still too high for comfort. Hence the calls on the reinsurers and the reason why the latter have been able successfully to press for higher rates.

Unlike the primary insurance market the reinsurance groups are not controlled by inter-State price regulations so they have been able to raise their rates much more quickly than their direct insurance counterparts. In many cases the rates have hopped up by as much as five or six times, particularly in the still difficult areas of professional indemnity or medical malpractice business.

This has proved a boon to the reinsurers who, much more so than the primary groups which are able to limit their excess of losses, have had to bear the full brunt of rampant inflation.

The first half of this year therefore saw the industry back into a more comfortable position with leading commentators, like Fox-Pitt Kelton, New York Stock Exchange brokers specialising in insurance shares, predicting that "it is going into the profitable phase of a classic cycle." According to the firm, "profits are now probably built in for the next two years."

There are still problem areas, however. The third key factor in the 1973-74 recession was the downturn in the Wall Street market which slashed investment income. All the signs are that another downturn is on the way again: this does not look good for the industry, particularly in the light of some of the heavy casualty claims they are now facing.

By custom, reinsurers rely heavily on the time lag before claims need to be met after major casualties. For instance, claims following the Turkish airlines crash in France in 1974 are still being processed and the reinsurers are only just having to meet the first demands on them. The Tenerife airport disaster is still several years from settlement.

In fact the bulk of the reinsurance book is weighted towards the longer end of liability claims, with a typical time lag of five years between activation of the liability and actual payment. During that period the reinsurers rely heavily on investing in the equities market to produce the income to meet their liabilities—which is why a downturn on the Dow Jones Index is critical.

Despite this cloud, however, the recovery in the U.S. reinsurance market is genuine, and according to most commentators, this will have a medium-term impact on business levels in the London market. Partially as a result of the withdrawal of many groups from the reinsurance market in the U.S., which led to under-capacity, and partially because of the reluctance by American reinsurers to handle certain types of difficult liability business, the London market has benefited from an accelerating inflow of business from America.

It is estimated that some 50 per cent of Lloyd's business arises in the U.S. Furthermore, this sort of business is heavily biased towards reinsurance. It is arguable that between 30 and 40 per cent of Lloyd's business, therefore, is U.S. reinsurance.

Abroad

With under-capacity and caution still prevalent in the U.S., London is continuing to benefit from the inflow of business which American groups cannot or will not absorb. This seems likely to continue up to 1978 at least, according to a recent report by stockbrokers Rowe and Pitman. In a study of the industry the firm suggested that "as far as the flow of business is concerned, the main impetus will continue to come from abroad and, particularly, from the North American reinsurance market."

Beyond 1978 the inflow from North America is likely to decelerate as confidence returns to the American groups and their ability to absorb business improves. Still, there is little chance of the inflow turning into an outflow. For all the importance of U.S. business to the London market, the proportion of total American business which actually ends up in London is a mere 2 per cent of the total across the Atlantic.

So with the need to spread risks as widely as possible reinforced by the unpleasant experience of the last three years, London can expect to keep a proportion of American reinsurance business, particularly in the sensitive areas.

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Gross Premium Income for 1975 ...	828,000 DM
Premium Income for Own Account ...	652,000 DM
The Company's Capital and Reserves at December 31st, 1975 were as follows:	
Share Capital .....	32,000 DM
Reserves .....	35,500 DM
Technical Reserves .....	1,371,668 DM

Subsidiaries (overseas)  
Cologne Life Reinsurance Company, Richmond/Virginia  
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REINSURANCE VII

New problems for life companies...

THE PERFORMANCE of a life from ongoing premiums. The company depends on three factors: mortality, interest and expenses. A sharp increase in mortality...

ness is extremely volatile, depending very much on the state of the market. When this is bearish sales tend to fall off. The new valuation regulations...

Logic

For instance, if the life company had paid 60 per cent of the premium, the reinsurer would pay something like 90 per cent for its share of the policy. Since commission is one very significant new business expense...

Eric Short

...and the risks get bigger

Jeopardy

But with a recently established life company reinsurance of the excess death risk arising from regular premium business is essential if the shareholders' funds are not to be put in jeopardy.

THE LIFE side of reinsurance is highly specialised and calls for a great deal of behind-the-scenes co-operation between the various professional factions involved in making the market. It is also an international business, with London positioned centrally at the centre of activity.

that others may not be prepared to touch. On a practical basis, that might involve a company that is prepared to take a risk on those individuals with less than sound health. One of the prime users of the life reinsurance market are the new life companies starting up...

Inflation

The effects of inflation, which seem to affect almost every aspect of our lives, also enter into the life assurance market. The sums involved are, quite simply, getting bigger and the risks that much heavier. But the practical value in this—plus the fact that the reinsurance market is spreading internationally—is that the level of understanding and skill is also rising to meet the demand.

Keith Lewis

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With more than 500 branch offices and Agencies in Iran and throughout the world. Offer services in all classes of life and non-life insurance. Handles more than 70% of the total Iranian insurance market.

September 2, 1977, Wide variety of life insurance, Rue Belliard 7, Tel. 512.3138, Telex UNAT B, Tele. UNAT B, Fire & Accident, Aviation Underwriting, Rooms, Forum House, 15-18 Lime Street, London, EC3M 7JF, Telephone: 01-481 1200, UNISCHER KUNSTGEWERBES-GESELLSCHAFT, Insurance Company, re, Germany, SHED IN 1948, Company of the, for 1973, Own Account, and Reserves, ows., ries (overseas), ce Company, Rich, Kapanstadt, ER RÜCK, ince 1967, A-1010, Phone, 13.





# COMPANY NEWS + COMMENT

## ICI ahead by £30m. at six months

AFTER an exchange loss of £8m. compared with a gain of £33m. pre-tax profits of Imperial Chemical Industries advanced from £270m. to £300m. in the first half of 1977, to £168m. against £151m. coming in the second quarter.

Second quarter external sales came to £1.22bn., against £1.02bn., to give a six months total up by some 23 per cent. from £1.96bn. to £2.41bn.

Sales in the U.K. rose by 25 per cent. to £955m. and those overseas by 22 per cent. to £1.45bn. The job value of exports increased by 25 per cent. to £493m.

Overall, the level of trading was fully maintained during the second; in the U.K. and Continental Western Europe volume was virtually unchanged, but there was an improvement in North America influenced by seasonal factors in Canada.

Sales for all 1976 were £1.14bn. and pre-tax profits £340m. including exchange gains of £58m.

Adjustments were made on a CCA basis, for additional depreciation and the replacement cost of stock, as described in the 1976 annual report, profit before tax for the first half of 1977 would be reduced by about £125m. compared with £200m. for the full year 1976.

The tax charge of £137m. (£96m. for the first half) consisted of £100m. of U.K. corporation tax, £30m. overseas tax and £7m. of tax on principal associated companies less credits of £11m. for U.K. Government grants.

The interim dividend is 9p (5p) per £1 stock unit, costing £51m. Last year's total was £4,700,000.

The interim dividend is stepped up from 1.5p to 2p net—the chairman has waived his right to this dividend on 800,000 Ordinary 25p shares. Additionally, the directors are making a payment of 0.04p to advise for the tax credit attributable to the previous year's 2.777p net. They also intend to recommend a 3.107p final for the current year to make the maximum permissible total in order to avoid suspension.

In 1976, the company achieved record profits of £230m.

Kleeman Industrial's interim figures present a mixed trading picture. Home demand for gaskets and seals has improved in the first half following the end of last year's stockpiling by customers, but exports which account for more than half of turnover, have become difficult.

Overseas customers remain in an over-stocked position, a hangover from the 1974-76 boom, and volume here took a dip in the first half. Internal figures for July and August show that the import in the U.K. is being maintained but there has been no sign yet of any pick-up in the overseas markets and full-year profits are unlikely to be any better than in 1976. At 200p a

Company	Page	Col.	Company	Page	Col.
British Petroleum	25	3	Metal Closures	24	4
BET	24	5	Mixconcrete	24	6
Britains	24	6	Oceana Consd.	24	4
County & District	24	3	Parker Timber	24	3
Crouch (Derek)	24	5	PSIT	25	3
Fisher (Albert)	24	3	Queens Meat Houses	25	1
Howden (Alex)	25	1	Sharpe & Fisher	24	1
ICI	24	1	Spencer (George)	24	4
Kleeman Indl.	24	2	Stephen (Alex.)	24	4
Land Investors	25	2	Suter	24	5
Manston Finance	25	2	Thurgar Bardex	24	4
Matthews Wrightson	25	1	Wadham Stringer	24	7

## Overseas downturn at Kleeman

AN UNEVEN business pattern has continued at seals and gaskets manufacturers and distributors, Kleeman Industrial Holdings, and although home trade has improved substantially, reduced overseas sales meant that profits only marginally improved from £208,000 to £154,000 in the first half of 1977. Turnover was ahead 20.54m. to £2.95m.

Mr. Derrick Kleeman, the chairman, adds that as overseas business is more profitable, results were affected, and these conditions appear likely to continue for the remainder of the current year.

The surplus was struck after depreciation of £58,180 (£50,021), but before tax of £486,000 (£472,000).

The interim dividend is stepped up from 1.5p to 2p net—the chairman has waived his right to this dividend on 800,000 Ordinary 25p shares. Additionally, the directors are making a payment of 0.04p to advise for the tax credit attributable to the previous year's 2.777p net. They also intend to recommend a 3.107p final for the current year to make the maximum permissible total in order to avoid suspension.

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## Slowdown by Parker Timber

PRE-TAX profit of Parker Timber Group for the year ended March 31, 1977, advanced to £2.74m. against £2.08m. despite only a marginal rise in the second half from £0.98m. to £0.99m. Turnover was ahead from £31.57m. to £41.00m.

Earnings are shown as 22p (18.9p) per 25p share and the dividend is increased to 5.445p (4.873p) net.

Mr. John Boden, the chairman, says he could predict a continuation of the current trend for the remainder of the year, but for the abandonment of pay restraint.

Demand continues buoyant, but the group's ability to meet this, and hence budgeted profits (which are still on target), depend largely on the co-operation of the unions, both in the public and private sectors of industry, towards reasonable wage settlements.

Half-year turnover ... 25,228 ... Profit before tax ... 1,298 ... Tax ... 1,298 ... Net profit ... 1,298 ... Dividend ... 1,114 ... Retained ... 772 ...

## County and District pays 0.792p

County and District Properties increased turnover from £765,000 to £1.58m. in the year to March 31, 1977, and the amount available for distribution advanced from £156,654 to £220,453.

Earnings are shown to be ahead from 1.51p to 2.8p per 10p share and the dividend is hoisted from 0.1p to 0.792p net.

After a revaluation of the group's premises, net assets are given as 109p per share.

## Advance by Albert Fisher

Including a special credit this time of £11,856, fruit and vegetable wholesalers and motor repairers Albert Fisher Group

achieved record pre-tax profit of £98,528, against £99,126, for the year to May 31, 1977. Turnover was up £1.34m. to £3.64m.

Earnings per 5p share are shown as 1.02p (0.55p) and the total net dividend is raised to 0.833p (0.376p) with a final of 0.383p.

## Midway rise by Metal Closures

FIRST HALF 1977 turnover of Metal Closures Group rose from £20.22m. to £26.93m. and pre-tax profits advanced from £2.08m. to £2.32m.

Earnings are shown to be up from 4.42p to 5.53p per 25p share and the interim dividend is raised from 1.8p to 2p net. Last year's total was 3.7725p paid from earnings of 10.06p.

Mr. John Boden, the chairman, says he could predict a continuation of the current trend for the remainder of the year, but for the abandonment of pay restraint.

Demand continues buoyant, but the group's ability to meet this, and hence budgeted profits (which are still on target), depend largely on the co-operation of the unions, both in the public and private sectors of industry, towards reasonable wage settlements.

Half-year turnover ... 25,228 ... Profit before tax ... 1,298 ... Tax ... 1,298 ... Net profit ... 1,298 ... Dividend ... 1,114 ... Retained ... 772 ...

## Thurgar up 67% at six months

Taxable profits in the 24 weeks to June 11, 1977, of plastic products manufacturers, Thurgar Bardex were up 67 per cent. from £50,240 to £83,875 and the directors expect this improvement to continue during the remainder of the current year. Sales advanced 50.86m. to £2.09m.

The interim dividend is maintained at 2p net per 10p share costing £13,400. Last year's payments totalled 0.6122p, from £0.13m. profits.

There is no tax charge and after realisation of fixed assets the group deficit is £48,756 compared with £7,088. The loss per 25p share is given as 18.9p (0.5p).

## £0.75m. loss by Alex. Stephen

Shirepaire and engineers Alexander Stephen and Sons incurred an increased trading deficit of £745,160, against £20,007, for the year to April 30, 1977.

There is no tax charge and after realisation of fixed assets the group deficit is £48,756 compared with £7,088. The loss per 25p share is given as 18.9p (0.5p).

## Midway jump for George Spencer

Manufacturers of "Vedonia" knitwear, George Spencer, reports a jump in taxable profits for the half year to July 2, 1977, from £44,000 to £704,000 and the directors anticipate that the full year's results will not be unsatisfactory.

Turnover for the six months was £3.77m. against £4.65m.

## Oceana ahead -50% scrip

For the year to March 31, 1977, Oceana Consolidated Company improved profit from £38,930 to a record £90,510 subject to tax of £37,202 against £21,847. A one-for-two scrip issue is proposed.

## BET leaps £13m. to peak £55m.

AN ADVANCE in taxable profit from £22.56m. to £30.85m. in the second half by British Electric Traction expanded the full-time figure for the year to March 31, 1977, by £13.14m. to a record £55.31m. Sales were ahead from £432.83m. to £512.86m.

Deferred earnings per 25p deferred Ordinary share before extraordinary items improved to 13.4p (10p) and the net total dividend is lifted to a maximum permitted 5.168p (4.633p) with a final of 3.628p.

## Britains jumps at halftime

PRE-TAX PROFITS of fine paper-maker Britains jumped from £121,000 to £407,000 for the first six months of 1977, on turnover from £12.51m. to £15.89m.

Mr. K. R. Latchford, the chairman, is hopeful that the first-half trading improvement will be maintained over the remainder of the current year.

He comments that depressed, highly competitive trading conditions and continuing inflation have resulted in wafer-thin margins in many sectors. However, some companies have performed extremely well, further success was achieved in sales expansion overseas and the group has generally benefited from its diverse activities and market outlets.

## D. Crouch nears £1m. halfway

CIVIL ENGINEERS, building contractors, Derek Crouch (Contractors) reports first half 1977 taxable profits of £932,000 against £762,000 on turnover up £1.22m. to £14.99m.

The company's liquidity is still satisfactory and the directors say the operation and that results for the full year will be in excess of the record £1.82m. for 1976.

Earnings are shown at 4.8p (3.94p) per 20p share and the interim dividend is lifted to 1.1p (1.052p). Last year's final was 2.4948p.

Net profit came out at £465,000 (£282,000) after tax £465,000 (£282,000).

## Cornell into loss at midterm

For the half year to June 30, 1977, Cornell Dresses reports a turnaround from a £41,823 pre-tax profit to a £53,225 loss, on turnover down from £0.73m. to £0.7m.

No interim dividend is declared—last year's 0.3p net per 5p share was the only payment for 1976, when £38,026 profits were achieved.

## Suter recovers to £128,271

Including an exceptional credit of £30,822, against a debit of £30,000 taxable profits of Suter Electrical, hair salon equipment manufacturers, rose from a depressed £35,212 to £128,271 for the year to April 2, 1977.

## Mercantile Credit in joint venture

A new company, Mercantile ABI, has been formed to provide 90-day stocking for dealers holding a franchise from A&B International of Beverley, Yorkshire—the largest manufacturers of caravans for the U.K. market.

At half-year profit was £44,070 (£42,012). Earnings for the year per 5p share are stated as 1.95p compared with 0.64p and the dividend is increased from 0.25p to 0.275p net.

Turnover was up by £0.34m. to £1.45m.

Tax took £44,235 (£14,235) after crediting an adjustment of £373 (£2,665). The amount retained was £54,405 (£12,758).

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He comments that depressed, highly competitive trading conditions and continuing inflation have resulted in wafer-thin margins in many sectors. However, some companies have performed extremely well, further success was achieved in sales expansion overseas and the group has generally benefited from its diverse activities and market outlets.

The interim dividend is doubled from 0.25p to 0.5p net per 25p share. In 1976, payments totalled 1.05p from £0.42m. profits.

## Mixconcrete first half fall to £150,000

SALES for the half year to April 30, 1977, at Mixconcrete (Holdings) fell from £12.83m. to £11.38m. and profits slumped from £159,000 to £150,000 before tax of £78,000 (£239,000).

The directors say that although short-term prospects for the construction industry are not encouraging, results for the rest of the year compared with last year's second half should not show the same marked reduction as that experienced in the first half. Profits for all 1975-76 came to £1.18m.

The interim dividend is lifted from 1.14p to 1.375p. Last year's final payment was 1.715p.

## Wadham Stringer raising £1.2m.

Wadham Stringer is proposing to raise £1.2m. by a rights issue of 51m. Ordinary 10p shares on the basis of one-for-five at 24p each. The shares closed 1p higher in the market at 33 1/2. Also interim figures are revealed showing a rise of a third at the pre-tax level to £14m., and the Board announces its intentions to increase the dividend this year by 61.9 per cent.

Furthermore it is revealed that The Barlow (Holdings), a subsidiary of South Africa's Barlow Rand has sold its 22.5 per cent. stake in Wadham by a placing with institutional investors arranged by Panmure Gordon.

## Laurence Scott places 875,000 shares

Laurence Scott, Norwich-based electrical engineers, is placing 875,000 Ordinary shares at 24p each to raise £210,000 net. The shares fell 4p in the market to 125p.

# ISSUE NEWS AND COMMENT

## Wadham Stringer raising £1.2m.

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## Laurence Scott places 875,000 shares

Laurence Scott, Norwich-based electrical engineers, is placing 875,000 Ordinary shares at 24p each to raise £210,000 net. The shares fell 4p in the market to 125p.

Giving its reasons for the placing, the company states that its capital investment programme is fairly advanced and the new integrated sheet plant in Norwich will be opened towards the end of the year. The group balance sheet at March 31 reflects less than £1m. of the planned expenditure leaving approximately £1.6m. to be incurred.

Although a medium-term loan facility has recently been finalised and the company has sufficient working capital for its current requirements, the directors consider it prudent to raise permanent capital in the form of a new issue of shares.

Samuel Montagu has agreed to subscribe or procure subscribers for the new shares, and the brokers to the issue are Morgan Loebl, Stanley and Lazard Prust.

It is intended, in the absence of unforeseen circumstances, to recommend dividends of 1.21p (3.02p) net for the year ending March 31, 1978. This represents an increase of 65 per cent. The Treasury has given its permission.

Laurence Scott's planned expenditure on new machine tools amounts to some £2m. in total. It has been intended to fund the vast majority of this expenditure by way of medium term loans. £2m. loan has recently been negotiated—but as the company share price has taken off recently, the planned expenditure can be pushed through a placing. Certain of the group's balance sheet is strained, with liquid assets amounting to £1.7m., but placing takes care of the rest of the planned expenditure, leaving the cash free for working capital should demand start to pick up—and the company does see some tentative signs of build-up in orders. Five per cent. only increases the equity by 12 per cent. so the dividend to earnings is reasonable for holders and there is the prospect of a 65 per cent. increase in prospective yield of 6.1 per cent. at 125p.

## COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Hicking Pentecost & Co. Ltd.	Nottingham	£250,475	31. 3.77
Avana Group Ltd.	Cardiff	£304,373	2. 4.77
Davy International Ltd.	London, W1	£5,151,410	31. 3.77
Scottish English and European Textiles Ltd.	London, WC2	£100,280	30. 4.77
Montague L. Meyer Ltd.	London, WC2	£3,462,900	31. 3.77
Dover Engineering Group Ltd.	Dover	£30,292	31. 3.77
Trafford Carpets (Hldgs.) Ltd.	Manchester	£44,318	31. 3.77
Brown & Tawse Ltd.	Dundee	£67,244	31. 3.77
John Beales Associated Companies Ltd.	Nottingham	£152,228	19. 3.77
Black Arrow Group Ltd.	London, NW10	£1,000,000	31. 3.77
Low & Brydone Ltd.	Therford	£35,061	31. 3.77
Cardle's (Holdings) Ltd.	Hull	£594,065	31. 3.77
Add International Ltd.	London, W2	£136,709	26.12.76
Geovir Tin Mines Ltd.	Panzance	£149,640	31. 3.77

Published by the Treasury as required by the above Act.

# ICI Half Year's Results

The Board of Directors of Imperial Chemical Industries Limited announce the following unaudited figures of the trading results of the Group for the first half of 1977 with comparative figures for 1976.

1976		1977	
First Half	Year	First Half	Year
£ millions	£ millions	£ millions	£ millions
279	540	214	2,414
- 93	- 205	- 109	- 109
- 34	- 58	- 8	- 8
- 96	- 214	- 127	- 127
183	326	182	182
- 19	- 47	1	1
183	279	183	183
- 19	- 34	- 14	- 14
164	245	169	169

Group sales in the first half of 1977 were £2,414m., some 23% higher than in the first half of 1976. Sales in the U.K. increased from £773m. to £965m. (up 25%), and those Overseas from £1,137m. to £1,449m. (up 28%). The job value of exports for the half year was £493m., compared with £391m. in the first half of 1976 (up 25%).

Overall, the level of trading, which the Group achieved in the first quarter of 1977, was fully maintained during the second quarter in the U.K. and Continental Western Europe volume was virtually unchanged, but there was an improvement in North America influenced by seasonal factors in Canada.

	Group profit before tax		
	Group sales	Excluding exchange gain/deficit	Exchange gain/deficit
	£m	£m	£m
1976 1st Quarter	836	115	13
2nd Quarter	1,024	126	25
3rd Quarter	1,033	116	33
4th Quarter	1,142	125	13
YEAR	4,135	482	540
1977 1st Quarter	1,190	148	- 7
2nd Quarter	1,224	169	- 1

If adjustments were made, on a Current Cost Accounting basis, for additional depreciation and the replacement cost of stock, as described in the 1976 Annual Report, profit before taxation for the first half of 1977 would be reduced by about £125m. compared with £200m. for the full year 1976.

The charge for taxation for the first half of 1977 consisted of £100m. of U.K. corporation tax, £30m. Overseas tax and £7m. of tax on principal associated companies less credits of £11m. for U.K. Government grants.

The Board have declared an interim dividend of 9.0 pence per £1 unit of Ordinary stock of the Company in respect of the year 1977 (1976 8.0 pence). This, together with the imputed tax credit of 4.6563p, is equivalent to a gross dividend of 13.6563p (1976 12.3077p). The increase in net dividend, when grossed up at the new reduced rate of Advance Corporation Tax, represents an increase of about 10% on the 1976 gross interim dividend.

The interim dividend now declared will absorb £51m. and will be payable on 11 November 1977 to members on the Register on 26 September 1977.

The trading results for the first nine months of 1977 will be announced on 24 November 1977.

# The Hongkong and Shanghai Banking Corporation

(Incorporated in Hong Kong with Limited Liability)

## CONSOLIDATED BALANCE SHEET at 30th June 1977

	31 Dec., 1976	30 June, 1977
<b>LIABILITIES</b>		
Issued capital and reserves	285,889,854	287,698,089
Minority interests in subsidiary companies	24,651,188	26,270,013
Currency notes in circulation	499,555,568	530,772,404
Current, deposit and other accounts	6,058,727,233	6,806,048,069
Amount due to subsidiary company not consolidated	2,182,311	42,193,217
Items in transit between offices	48,859,254	1,602,887,064
Engagements on behalf of customers	1,414,935,288	1,602,887,



# Alex. Howden tops Strings £10m. at halfway

## 1.2m.

show that, as the company has managed to secure a 10 per cent increase in its share price since the start of the year, it is now worth £10m. at the halfway stage of the year. The company's share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### Laurence places 875,000

Laurence's share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### Queens Moat up 71% at halfway

Queens Moat's share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### Matthews Wrightson hit by increased provision

Matthews Wrightson's share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### Confidence at Manson Finance

Manson Finance's share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### PSIT to benefit from sales in current year

PSIT's share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### Land Investors rises to £1.7m.

Land Investors' share price rose from 125p to 137p, a rise of 10 per cent. The company's turnover for the first half of the year was £10m. The company's profit for the first half of the year was £1.2m. The company's dividend for the first half of the year was 10p. The company's share price is now 137p.

### GERALD QUIN, COPE & CO. LTD.

Bill Brokers, Private Bankers and Dealers in International Securities. With an agency that from Monday 5th September 1977 their new address will be: 3 ABchurchyard, 5th Floor, London EC4N 7AS. Please contact change in telephone number for Bills & Money. 01-424 6057. Securities Dept number remains unchanged 01-424 4481.

### MONEY MARKET

## Signal on interest rates

Bank of England Minimum Lending Rate 7 per cent. (since August 15, 1977). Speculation about a cut in Bank of England Minimum Lending Rate this week almost came to pass yesterday as the authorities signalled that they are looking for continued stability in the money market. The total amount of money in circulation is £100,000 million. The Bank of England is expected to raise the rate to 8 per cent. The market is expected to be stable.

Month	1977	1976
Jan	1.2%	1.1%
Feb	1.3%	1.2%
Mar	1.4%	1.3%
Apr	1.5%	1.4%
May	1.6%	1.5%
Jun	1.7%	1.6%
Jul	1.8%	1.7%
Aug	1.9%	1.8%
Sep	2.0%	1.9%
Oct	2.1%	2.0%
Nov	2.2%	2.1%
Dec	2.3%	2.2%

Month	1977	1976
Jan	1.2%	1.1%
Feb	1.3%	1.2%
Mar	1.4%	1.3%
Apr	1.5%	1.4%
May	1.6%	1.5%
Jun	1.7%	1.6%
Jul	1.8%	1.7%
Aug	1.9%	1.8%
Sep	2.0%	1.9%
Oct	2.1%	2.0%
Nov	2.2%	2.1%
Dec	2.3%	2.2%

Month	1977	1976
Jan	1.2%	1.1%
Feb	1.3%	1.2%
Mar	1.4%	1.3%
Apr	1.5%	1.4%
May	1.6%	1.5%
Jun	1.7%	1.6%
Jul	1.8%	1.7%
Aug	1.9%	1.8%
Sep	2.0%	1.9%
Oct	2.1%	2.0%
Nov	2.2%	2.1%
Dec	2.3%	2.2%

Month	1977	1976
Jan	1.2%	1.1%
Feb	1.3%	1.2%
Mar	1.4%	1.3%
Apr	1.5%	1.4%
May	1.6%	1.5%
Jun	1.7%	1.6%
Jul	1.8%	1.7%
Aug	1.9%	1.8%
Sep	2.0%	1.9%
Oct	2.1%	2.0%
Nov	2.2%	2.1%
Dec	2.3%	2.2%

Month	1977	1976
Jan	1.2%	1.1%
Feb	1.3%	1.2%
Mar	1.4%	1.3%
Apr	1.5%	1.4%
May	1.6%	1.5%
Jun	1.7%	1.6%
Jul	1.8%	1.7%
Aug	1.9%	1.8%
Sep	2.0%	1.9%
Oct	2.1%	2.0%
Nov	2.2%	2.1%
Dec	2.3%	2.2%

Month	1977	1976
Jan	1.2%	1.1%
Feb	1.3%	1.2%
Mar	1.4%	1.3%
Apr	1.5%	1.4%
May	1.6%	1.5%
Jun	1.7%	1.6%
Jul	1.8%	1.7%
Aug	1.9%	1.8%
Sep	2.0%	1.9%
Oct	2.1%	2.0%
Nov	2.2%	2.1%
Dec	2.3%	2.2%



## BP up to £166m. in first half

NET INCOME before extra-ordinary items in British Petroleum Company Ltd. for the second quarter of 1977 advanced from £51.8m. to £75.7m. to give a first-half total up to £126.2m. Total income came to £2,940m. (£2,310m.) for the second quarter to make 166m. (£1,600m.) for the six months.

For all 1978 total income was £10,770m. and net income £7,870m. Total sales for the quarter of 41.3m. tonnes are 2.4m. tonnes less than the first quarter, a reduction of 5.5 per cent. but compared with sales in the second quarter of 1976 represent an increase of 1 per cent.

The income from stock appreciation in the second quarter is estimated at £10m. compared with £25m. after tax, in the first quarter of the year.

The directors say the group's performance is an advantage throughout the quarter because it received about 90 per cent. of its OPEC oil supplies for the first six months of 1977 from countries which had increased their prices by 10 per cent. rather than those which had increased them by 5 per cent. From July 1, 1977, OPEC countries have returned to a single price system but because of stocks already purchased under the differential price system the competitive disadvantage to BP is unlikely to be completely eliminated until the fourth quarter.

The production from the Forties Field during the quarter averaged 400,000 barrels per day compared with 370,000 barrels per day in the first quarter. It is expected to reach the field maximum of 500,000 barrels per day by the end of this year.

Income before extraordinary items for the half year per £1

2nd Quarter 1977	1st Half 1977	Year 1976
£m.	£m.	£m.
1,572.1	2,868.5	1,778.9
1,882.7	3,427.1	2,074.7
30.5	54.3	65.0
2,485.3	4,349.9	2,918.6
2,086.5	3,783.0	2,513.3
326.1	566.9	405.3
68.7	117.0	140.3
34.6	60.3	72.0
2,189.8	3,986.2	2,775.6
21.2	37.6	45.7
12.5	21.7	26.5
9.5	16.8	20.5
7.7	13.6	16.7
2.8	4.9	5.9
76.7	134.2	162.0

As known, pre-tax profits for the year to April 30, 1977, amounted to £439,745 compared with the record £508,314 for the previous year.

The reduction was mainly due to the loss of income on 106 mortgage advances where the group has given the security into possession. The number of these cases has been and continues to be reduced and those remaining are expected to affect profits to a degree in the current year. Similar problems have not been encountered on business written since 1976.

Green Park Equity Trust Company holds 29.58 per cent. of the company.

Meeting, Grosvenor House Hotel, W. on September 7, at noon.

Unless there are compelling reasons to prevent it from doing so, the Board will be issuing instructions for a professional valuation of all properties as at March 31, 1978.

During the year, the company moved to new premises in Richmond, Surrey. The offices, which were purchased by the company, are larger than those previously occupied at Uxbridge and will provide considerable room for expansion in the years ahead, says Mr. Perry.

As known there was a pre-tax deficit of £88,000 (£708,000) for the year to March 31, 1977, but after extraordinary credits of £1.31m. (£1,310,000) there was a surplus of £801,000 (£512,000). Extraordinary credits comprised a surplus over cost on sales of properties of £283,000 (£2,830,000), a 1975-76 tax credit of £127,000 (£1,270,000) and a credit of £23,000 (£230,000) being the excess of assets over purchase consideration on the acquisition of minority interests.

## BIDS AND DEALS

# Redfearn confident of repelling Rheem

BY JAMES BARTHOLOMEW

A PARTIAL take-over by Rheem International would actually harm the business of Redfearn National Glass according to the Board of Redfearn. Speaking at a Press conference yesterday, Mr. Stanley Race, Redfearn's chairman said that the decision-making process would be slow and control was moved to the U.S. and Redfearn was in an industry where close liaison in planning were of the essence.

Six sizes will be manufactured. The first batch of which is currently under construction with the complete production programme coming into full operation during 1978.

### ROBERTSON FOODS PAYS £0.92M. FOR SCOTIA BARRY

Robertson Foods announces that the acquisition has been completed of the capital of Scotia Barry Foods.

The purchase price was satisfied by the issue of 800,000 new Ordinary shares of Robertson. At the current share price, the aggregate purchase consideration is £220,000. The principal activities of Scotia Barry are the processing and packing of dried fruits and cereals. Robertson sees considerable benefits arising from the acquisition, with the opportunity to improve Scotia Barry sales in the retail market through the present Robertson sales force and distribution system.

### BOWATER BUYS U.S. COTTON COMPLEX FOR £3.9M.

Bowater Corporation's international trading group has bought a cotton warehousing complex at Fresno, California, for \$5.5m. (£3.5m.).

### HUDSON LIFTS PLEASURAMA STAKE TO 9.6%

Williams Hudson Group yesterday announced that it had increased its stake in Pleasurama. As a result of recent purchases Hudson is now interested in 9.6% of the company, equal to 603,000 Ordinary shares, equal to 9.6% of the total share capital. The purchase was an integral part of the complete range of Beloit pulp and paper machinery.

### SIEMENS/BELOIT AGREEMENT

Siemens AG of Erlangen, W. Germany and Beloit Walmley of Bury, Lancs., have recently concluded an agreement whereby a substantial portion of the Beloit Vacuum Pump range will be manufactured in the U.K. by Beloit. This will be for consumption in the U.K. and U.S. market areas as well as for export. An integral part of the complete range of Beloit pulp and paper machinery.

### NEB takes 30% stake in Mersey plastics concern

The National Enterprise Board has put £100,000 into a private Merseyside company, Hemmings Plastics, to help it to expand and create 30 more jobs. The investment will give the State-owned NEB a 30.5 per cent. stake in Hemmings enlarged capital.

### SILSI/BUILDING SPECIALISTS

SILSI, a private company owned by Mr. S. R. Purdell and Mr. E. A. Gross, has made an offer worth £300,000 for the 70.1 per cent. of Ordinary shares it does not already own in Building Specialists, a public unquoted company which acts as specialist sub-contractors to the building industry. The price offered, through Barclays Merchant Bank, for the 1,133,285 shares in question is 26p each in cash.

### SIME DARBY

Negotiations between Sime Darby's subsidiaries, Sime Darby Australia and Allied Rubber Mills of Australia, for the acquisition of the issued capital of Allied Rubber's subsidiary, Spring Investments, have been terminated.

### REDFEARN NATIONAL GLASS

Redfearn National Glass is increasing its total 1977 dividend from 3.95p to 10.56p net, an increase of over 150 per cent. as reported yesterday.

### JONES STROUD

Jones, Stroud (Holdings) announces that it is proposing to effect a capitalisation issue of 10 per cent. Cumulative Preference shares of £1 each.

### COMM. BANK OF NEAR EAST

The Commercial Bank of the Near East is proposing a rights issue of four-for-one at 25p to raise some £780,000.

### ASSOCIATES DEALS

George and William Beech have sold on behalf of an associate of W. L. Pawson 45,000 Pawson Ordinary shares at 15p.

R. Nivison and Co. sold 3,600 Hindson Print Group at 65p for a charitable trust managed by a partner of W. Speke and Co., brokers to Hindson.

## KLEEMAN INDUSTRIAL HOLDINGS

### INTERIM STATEMENT 1977

At their meeting on the 1st September, 1977, the Directors declared an Interim Dividend on the Ordinary Shares of the Company in respect of the year ending 31st December, 1977, of 2 pence per share (1976 - 1.50 pence per share). There is a tax dividend of 1976 Final Dividend of 0.57 pence per share which will be paid to Shareholders as an addition to the Interim Dividend. The Dividend is payable on the 1st November, 1977, to Shareholders on the Register at the close of business on the 30th September, 1977.

It is the Directors' present intention, subject to unforeseen circumstances, to recommend a Final Dividend of 3.1073 pence per share which, together with the interim payment, would amount to 5.1073 pence per share for the year compared with 4.5727 pence per share paid in 1976. This is the maximum increase permitted under present regulations. The tax credit attributable to Shareholders in respect of these dividends is equal to 34/60ths of the dividends paid.

	6 months ended 30th June 1977	6 months ended 30th June 1976	12 months ended 31st Dec 1976
Turnover	3,951,377	3,411,208	7,080,335
Profit before taxation	954,000	908,000	2,286,494
Corporation Tax (est.)	(496,000)	(472,000)	(1,207,033)
Net Profit	£458,000	£436,000	£1,079,461

Corporation Tax has been provided at the rate of 52% (1976 - 52%). I have again waived my right to the Interim Dividend on my 800,000 Ordinary Shares which will have the effect of the Company retaining £16,000.

In my statement accompanying our Annual Report and Accounts, I indicated that throughout 1976, business had shown an uneven pattern month by month and in country by country where we trade abroad and accordingly, it was exceedingly difficult to make a forecast for the immediate period ahead of us. In the first six months of 1977, this pattern has continued and although there has been a substantial improvement in our home trade turnover, our overseas sales have been much more difficult and have shown a reduction. As our overseas business is more profitable, our results and therefore our overall margins have been affected. These conditions appear likely to continue for the balance of the year and it is therefore exceedingly difficult to forecast the results for the rest of the year.

DERRICK KLEEMAN, Chairman.

# Kakuzi LIMITED

Coffee, Tea and Sisal plantations and ranching in Kenya

Extracts from the audited results for the year ended 28 February 1977	28.2.77	28.2.76
Profit before tax	3,446,764	878,597
Profit after tax	1,908,128	510,620
Profit attributable to Kakuzi Limited	1,573,374	457,954
Dividends (Gross)	518,000	224,000
Earnings per K.Sh. 1/4 Stock Unit	6.56	2.29
N.B. K.Sh.1 = K.Sh.20. (K.Sh. = 6.94p as at 26.8.77)		

Production 1976/77  
Arabica Coffee ..... 2,156 tonnes  
Machina dried sisal ..... 1,355 tonnes  
CTC Tea ..... 12,594 tonnes  
Cattle ..... 8,268 head

Extract from the Statement by the Chairman, Mr. P.C.B. Benson M.B.E.: "Our accounts reflect the benefits of a short term scarcity in world markets of our two main products, coffee and tea. Our profits are exceptional and a record in the history of the Company. We must await some sign of the price level at which these products will settle for the future but in the meantime, our financial policy is based on—

- (a) Bringing all assets up to the best possible level of maintenance.
- (b) Rewarding our stockholders with special dividends and bonus issues.
- (c) Reserving funds for the financing of operations which are all subject to inflationary factors.
- (d) Investing locally in enterprises which would seem to have a revenue potential if and when our traditional crops come under market pressure.
- (e) Small scale experiments in growing and curing tobacco have encouraged us to expand to field scale trials over the next two years.

Since the end of the year under review your Board has already acted on the policy outlined in previous paragraphs. It has acquired a 24.04% holding in Credit Finance Corporation Limited and it has purchased Coon House, a well known office property in the centre of Nairobi. These investments have cost K666,735. A development and capital budget of approximately K500,000 has been approved which incorporates new planting of tea and coffee, extension to stores and factories, further irrigation and substantial improvements to the housing of our permanent labour force. Your profits after tax have therefore been applied almost equally in dividend distribution, investment and development within the group."

The Company's shares are listed in the Financial Times under "Finance, Land etc." Copies of the Company's Annual Report & Accounts are available from the Secretaries, Estates Services Ltd., PO Box 39572, Nairobi, Kenya, or from Smith, Conroy & Barrett (Liverpool) Ltd., 206 High Street, Bromley, Kent BR1 1PW.

## MAFINA B.V.

Private Placement

# U.S. \$40,000,000

## 8% BONDS DUE 1st SEPTEMBER, 1987

Guaranteed by PETROFINA S.A.

Hill Samuel & Co. Limited

Banca Della Svizzera Italiana The Bank of Bermuda Limited

Bayerische Landesbank Girozentrale Manufacturers Hanover Limited

Trade Development Bank Wardley Limited

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current Payment, Date, Corresponding Dividend, Total for Year, Total Last Year. Includes companies like RFT, BP, Cornwall Dresses, etc.

Dividends shown per share unless otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increase by 10% and acquisition issues. ‡ Adjusted to 25% net cost rate.

MINING NEWS

CRA joins big Fijian copper prospect

BY KENNETH MARSTON, MINING EDITOR

THE Rio Tinto-Zinc group's 75.5 per cent-owned Conzinc Riofrio of Australia has joined the consortium exploring the big Namoi porphyry copper prospect on Viti Levu island in Fiji.

BOARD MEETINGS

The following companies have notified their shareholders of board meetings to be held on the dates shown below.

Table of Board Meetings with columns: Company Name, Date, Location. Includes Anglo American, Anglo American Industrial Corp., etc.

MINORCO

MINERALS AND RESOURCES CORPORATION LIMITED (Incorporated in Bermuda)

Year-end Results and Final Dividend on the Ordinary Shares

The following are the unaudited results of the Corporation and its subsidiaries for the year ended 30th June 1977 together with comparative figures for the year ended 30th June 1976.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30th June 1977 (expressed in United States dollars)

Large financial table with columns: Description, 1977, 1976, 1977, 1976. Includes sections for Investment Income, Profit Before Taxation, Profit for the Year, and Transfers from Reserves.

NOTES: 1. INVESTMENT INCOME. Investment income comprises dividends and interest receivable for the year, gross of withholding taxes.

2. ZAMANGLO INDUSTRIAL CORPORATION LIMITED (Zamic). The amount of US \$1,405,000 comprises US \$563,000 (1976: US \$502,000) investment income and a net profit of US \$842,000 (1976: loss US \$63,000) on the operations of the property and agricultural divisions.

3. DIVIDENDS. 1977 1976 US \$000's US \$000's. Interim dividend of 4 cents a share declared 21st February 1977: 2,943 633.

4. EXTRAORDINARY ITEMS. Deficit arising on the write-down of provision against the following investments and loans: Trend International Limited: 26,000; Australian Anglo American Limited: 4,223; Other: 3,910.

(a) Trend International Limited ("Trend"). The Corporation has a 43 per cent interest in Trend. Shareholders will recall from earlier press announcements that the Indonesian Government has amended the terms of the production sharing contract in which Trend has a 27 per cent interest.

5. DIRECTORATE. The resignation of Mr. S. Spiro as a director of the Corporation on 31st March 1977 has been accepted with regret.

FINAL DIVIDEND No. 81. A final dividend of 8 cents a share (1976: 2 cents) (United States currency), for the year ended 30th June 1977, has been declared payable to members registered in the books of the Corporation at the close of business on 16th September 1977 and to persons presenting coupon No. 84 detached from share warrants to bearer.

For and on behalf of the Board: W. D. Wilson, G. W. H. Rely, Directors.

Registered Office: Belvedere Building, Pitts Bay Road, Pembroke (P.O. Box 680 Hamilton 5) Bermuda.

Afton's copper CSR makes new bid for AAR

THE \$Can.80m. (£43m.) open-pit copper mine of Afton Mines represents the only big new metal project going ahead in Canada these days, reports our Toronto correspondent.

INCO ATTACKED BY MARINDUQUE

AFTER POSTING a second quarter loss of Pesos 9.4m. (1730,000) on its nickel refinery operations, the Manila-based Marinduque Mining and Industrial Corporation, has attacked Inco, the Canadian group which is acknowledged as the industry leader.

Minorco pays 8c final

A PROFIT of \$12.7m. (£7.3m.) for the year to June 30 compared with \$6.5m. last time is announced by the Anglo American Corporation group's Minerals and Resources Corporation (Minorco).

BIDS AND DEALS (Continued)

BRABY LESLIE BUYS BREWING EQUIPMENT GROUP. Braby Leslie has acquired S. Briggs & Co. of Burton-on-Trent, manufacturers of equipment for the brewing processing industry.

Force the very fat to slim, says doctor

GROSSLY overweight people should be forced to slim because they are a danger to themselves and a burden to the Health Service, says Dr. Ian Richardson, an ex-GP and former editor of Pulse, the medical magazine.

Pedigree dogs on computer

THE PEDIGREE of 500,000 dogs in Australia can be obtained by a push of a button—thanks to a British company.

British Airways 'war' must end, says chairman

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN END to what he termed the "senseless guerrilla warfare" in industrial relations in British Airways was urged by Sir Frank McFadzean, chairman, yesterday.

Builders starting 145,000 new homes this year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PRIVATE builders expect to start about 145,000 new homes this year to total about 180,000 fewer than last year, they expect to start next year to fall back to about 140,000.

European Bank chief in Ulster

MR. DENIS KIRBY, operations manager of the European Investment Bank is in Ulster for two days to discuss possible borrowing requirements for public and private projects.

Technology launch costs 'help designers'

THE LARGE "entrance fees" companies needed to launch a new technology were "bad news for the inventor but good news for designers", Dr. Duncan Davies, chief scientist at the Department of Industry, said yesterday.

A.B. ELECTROLUX THE MANAGING DIRECTOR'S HALF-YEARLY REPORT FOR 1977

Summary of the Group's development during the 6 months of 1977. Includes sections for Sales, Operating result, Result before appropriations and taxes, and Past Equity accounting.

HALES PROPERTIES LIMITED

Castle Bromwich, Birmingham B36 0ET. Highlights for the year ending March 1977: Group turnover, rental income and profits all show increase over previous year.

Pedigree dogs on computer

THE PEDIGREE of 500,000 dogs in Australia can be obtained by a push of a button—thanks to a British company.

Force the very fat to slim, says doctor

GROSSLY overweight people should be forced to slim because they are a danger to themselves and a burden to the Health Service, says Dr. Ian Richardson, an ex-GP and former editor of Pulse, the medical magazine.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Canadian banks top up equity

BY ROBERT GIBBENS

MONTREAL, Sept. 1.

STRONG third quarter growth in assets, higher profits and steady stock prices have prompted a rash of rights issues by Canadian commercial banks...

Royal and CIBC are the two largest banks in Canada. Bank of Nova Scotia had turned in particularly strong results for the third quarter and nine months...

State move on Algots seen

BY WILLIAM DULLFORCE

STOCKHOLM, Sept. 1.

THE SWEDISH State is expected to take over Algots, the clothing concern which in June this year became the first company listed on the Stockholm Stock Exchange to apply for bankruptcy proceedings since the 1932 failure of "Match King" Ivar Kreuger.

A plan for the reconstruction of Algots was presented yesterday by Mr. Karl-Henrik Petersson, the investigator appointed by the Minister of Industry, Mr. Nils Aspling. His plan has been accepted by the Minister and the trade union representatives.

Controversy on Medici nomination

BY PAUL BETTS

ROME, Sept. 1.

A ROW has erupted within Italy's national employers' confederation Confindustria over the envisaged nomination of the new chairman of the Montedison chemical group, Sig. Giuseppe Medici, to the vice-chairmanship of the confederation.

EUROBONDS

Substantial premium for Barclays

BY MARY CAMPBELL

IN FIRST TIME trading yesterday, Barclays quickly moved to a substantial premium, while Boreham's \$30m convertible bond was sold at a discount...

Bank Leumi assets

ASSETS employed overseas by Bank Leumi Le-Israel, Israel's largest commercial bank, constituted almost a fifth of total assets at the end of 1976...

The Confindustria controversy has also been interpreted in some circles as an expression by some political and industrial factions of resentment following the appointment of Sig. Medici to head the key Milan chemical group.

Hoogovens denial

BY MICHAEL VAN OS

AMSTERDAM, Sept. 1.

HOOGOVS, the Dutch arm of the Dutch-German steel combine, today rejected rumours circulating within the company that it was planning mass redundancies in view of the company's difficult situation.

Chemetron to merge for \$160m.

By Stewart Fleming

NEW YORK, Sept. 1

FACED with an unwelcome \$160m takeover offer from Crane Corporation, Chemetron, a leading industrial gases producer, has announced a merger agreement with Allegheny Ludlum, the nation's largest specialty steel producer.

Elf buys U.S. chemical firm

BY ROBERT MAUTHNER

PARIS, Sept. 1.

ELF-AQUITAINE, the French state-owned oil company, has concluded a deal with American partners for the purchase of the U.S. wholly-owned chemical subsidiary, M and T Chemicals Inc.

The divisions of M and T Chemicals Inc. purchased by Elf-Aquitaine had a turnover of \$175m in 1976 of which \$42m were accounted for by exports.

UNDER PRESSURE from the French Government and trade unions, Montefibre France, the ailing synthetic fibre subsidiary of the Italian Montedison chemical giant, is currently searching for partners which will allow it to continue operations in France.

Problems for Montefibre

UNDER PRESSURE from the French Government and trade unions, Montefibre France, the ailing synthetic fibre subsidiary of the Italian Montedison chemical giant, is currently searching for partners which will allow it to continue operations in France.

Manufrance rescue plan

MANUFACTURE, a French order firm with retail outlets should lay off 900 of its employees under the terms of a recovery plan to rescue the company from its current predicament.

Peak performance at Air NZ

WELLINGTON, Sept. 1. AIR NEW ZEALAND recorded the highest ever profit in its 37 year history in the financial year, according to a company report tabled in Parliament here today.

Advertisement for Barclays Overseas Investment Company BV, U.S. \$100,000,000 8 1/2 per cent. Guaranteed Bonds 1992. Issue price 100 per cent.

Advertisement for Atlantic International Bank Limited, Financial Highlights (as at 30th June 1977). Total Assets £121,967,896. Loans & Advances £78,396,346.

Advertisement for World Value of the Dollar, table showing exchange rates for various countries. Includes Genesco net loss \$135m and Elf-Aquitaine details.

INTERNATIONAL COMPANIES NEWS

Peak profits, scrip from CUB

UNITED in the recovery of substantial... (CUB) Australia's cost increases... SYDNEY, Sept. 1.

Recovery by Watts

WATTS HOLDINGS, the major... recovery in 1977-78... compared with a \$A372,000 deficit in 1976-78.

Malaysian insurance failure

WONG SUIJONG... MALAYSIAN insurance... failure... Singapore business...

Peak profits at Air Nippon

WELLING... AIR NEW ZEALAND... peak profits... at Air Nippon...

Malaysian insurance failure

WONG SUIJONG... MALAYSIAN insurance... failure... Singapore business...

Malaysian insurance failure

WONG SUIJONG... MALAYSIAN insurance... failure... Singapore business...

Malaysian insurance failure

WONG SUIJONG... MALAYSIAN insurance... failure... Singapore business...

Malaysian insurance failure

WONG SUIJONG... MALAYSIAN insurance... failure... Singapore business...

Malaysian insurance failure

WONG SUIJONG... MALAYSIAN insurance... failure... Singapore business...

Turkey's big three reach new heights

By Metin Munir... ISTANBUL, Sept. 1... THREE of Turkey's largest private manufacturing and trading companies have reported record turnover and profits in 1976, and despite the current acute economic crisis, all expected to improve on last year's results.

Sime Darby pulls out of rubber deal

SIME DARBY AUSTRALIA has scrapped its plans to buy the Thyer rubber division of South African Group Allied Rubber Mills. The eleven-hour switch came because of an unexpected loss by the division.

Olympus Opt. ahead so far

CONSOLIDATED NET income of Olympus Optical Co. for the first half ended April 30 expanded from \$8.76m. to \$11.95m., reports Reuter from Tokyo. Sales were \$146.30m. (\$125.39m.).

Kempas Benta upturn

RESULTS for Kempas and Benta Plantations, two of Sime Darby's associate companies, for the first half of this year, are substantially better than the same period last year, thanks mainly to higher prices of rubber and palm oil, reports Wong Su Long from Kuala Lumpur.

The Government Housing Bank of Thailand U.S. \$20,000,000 Medium Term Loan The Ministry of Finance, Kingdom of Thailand

JORDAN PETROLEUM REFINERY COMPANY LIMITED U.S. \$100,000,000 6-year floating rate Loan THE HASHEMITE KINGDOM OF JORDAN

JAPANESE NEWS Special steels upsurge

BY DOUGLAS RAMSEY... TOKYO, Sept. 1... LARGELY thanks to Japan's booming car trade, the country's largest special steels producer formed in 1976 when three existing ventures merged.

FUGIT sets up second trust

BY RICHARD ROLFE... JOHANNESBURG, Sept. 1... THE BIGGEST South African investment trust, First Union and General (FUGIT), has published its first report and statutory requirements for pre-accounts covering the year to June 30.

Selected Eurodollar Bond Prices

Table with columns: Bond Name, Bid, Offer, Bid, Offer. Includes entries like Hydro-Quebec 5 1/2% 1987, ICI 8 1/2% 1987, etc.

PSIT Property Security Investment Trust Limited

PSIT Property Security Investment Trust Limited Rental Income Up Dividend Increase Results for the year ended 31st March, 1977

# The Property Market

## Valuation doubts at British Land

Six months ago the suspension of British Land's shares would have signalled a mass and hasty exodus from the property sector. But times change. The group's refinancing problems have not simply been isolated from the rest of the market, they have been submerged in the general euphoria for property that traditionally accompanies a downturn in interest rates. When the group reveals details of its refinancing proposals, and when trading in its shares resumes next week, Stock Market jobbers expect British Land's shares to rise around 5p above their suspension price to 40p.

On the face of it, the jobbers' enthusiasm is extraordinary. Here we have an overborrowed property company forced to call for two weeks halt to trading in its shares while it hammers out last minute details of a refinancing package for £25m, of its 1150m. debt. Hardly a situation that would easily be used to justify hopes for a 25 per cent rise in the share price.

The jobbers have not been overcome by an excess of good-will towards a struggling share. They have just been lost in the spokesperson that has shrouded British Land for the past decade. Last week's announcement from the group talked of net

assets per share of 114p based on a reassessment of its portfolio on an open market basis. If, as market sources believe, British Land plans to offer its shareholders a new convertible loan stock convertible at around 45-50p — as part of its financing package, and if that convertible element accounts for around 40 per cent of the minimum £25m. needed to get the group over its immediate cash worries, the 114p net assets would be diluted to around 80-85p a share. Recent efforts to test the market suggest that the group hopes to raise the balance of the cash with a 12 to 13 per cent, debenture stock. Having then resolved its immediate cash worries and entered with such an asset base, the shares would clearly justify a base market price on a relisting of 40p or so.

But if the 114p base for dilution is questioned, the calculations may no longer look as attractive.

Valuations in all their forms are open to question. But British Land's track record leaves it open to particularly close investigation on this front.

In its last published accounts, for 1976, the group's directors decided that "conditions in the property market do not yet justify the incorporation of the revaluation into the accounts" — the revaluation in question showed net assets down from a book value of 138p to 118p a share. And British Land managed to break new ground in the valuation world by commissioning an independent valuation for £66.1m. of its properties on a previously (and subsequently) unheard of basis that of "value in the company's hands with

benefit of current actual and estimated income, or gross capital value." The accounts also noted that the independent valuations, carried out by no fewer than 13 firms of surveyors were "in some instances based on information provided by the company."

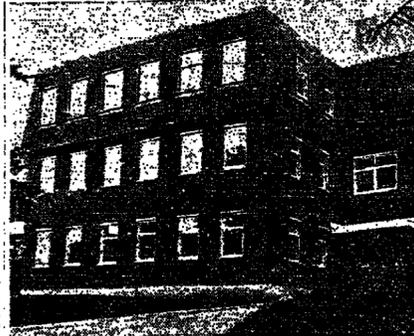
It is possible that this year the group has carried out a full formal revaluation of all its properties on a straightforward open-market basis by independent surveyors. Next week we shall see whether the accounts have abandoned the large element of directors' valuations and obscure valuation bases and are free of the inscrutable but alarming morass of notes referring to values added to properties as "part of a national chain" and to developments on "on-going valuation." If they have, all well and good, the 114p stands, and convertible dealers can begin to make calculations of the dilution effect of the refinancing proposals. If not, the market will have to continue in the dark, making its own guesses about the shares' worth.

It could be argued that British Land's plight is of no immediate relevance to the rest of the property industry. Having held on for so long it is improbable that the group's creditors will now abandon it and permit an avalanche of forced sales to disrupt a generally improving physical property investment market. Equally, any credibility gap between the group's consistently optimistic pronouncements and the real world is its own problem. But jobbers are the finest indicators of the Stock Market's mood, and if they feel

enthusiastic about the shares, institutional investors must be willing to ignore doubts about the group's real worth. And that is worrying.

When the Stock Market starts to allow British Land the benefit of the doubt, and when the property share sector already seems to be discounting most of the good news, it is time to sound a note of caution. Fundamentals may go by the board during a bull market. And as long as the bulls realise that they are caught in an auction where prices are beginning to look suspiciously larger than the underlying income-producing worth of the shares being bid for, all well and good, until the bidding stops.

all this could be said to be playing up the profits from the Oldham Estates share sales, but the buying of Wingate Investments last year confirmed, apart from some tax advantages, a belief that property investments looked cheap. Wimpey probably cannot be expected to be a long-term holder of new developments in to-day's conditions, but around £150m. has been put as the value of its property interests, with 50 per cent of the Euston Centre and 10 per cent of Oldham at the base of the portfolio. That contrasts with a market capitalisation of £170m and pre-tax profits last year of £44.5m.



## OUT AND ABOUT

● Hanover St. George Securities has sold the freehold interest of its industrial development at Watling Street, Bletchley, one of the development properties excluded from the £5.3m. portfolio sale to Thorn's pension fund. The buyer of the warehouse-office scheme, with a total of 107,000 square feet covered space on five acres, is Tesco, needing extra distribution space. The price was £1.44m. Lest it L. Brown and Co. acted for Hanover St. George and Chamberlain and Willows and John D. Wood and Co. were also involved in the deal.

● George Wimpey's move to put its development and investment properties together in a new subsidiary follows two years in which the group took the opportunity, in the absence of other developers, to assume the risks as well as the building work on many British sites. It also backed the ambitious Ariel Development programme on the combined indicators of a half share in the equity there. In one sense

The long and short of office yields: on the left, the classic small modern regional office investment, at Basingstoke, sold at a yield of 5 1/2 per cent, and on the right a large pre-war City of London block, multi-tenanted, which has gone at an initial yield over 8 per cent. The Basingstoke block, sold for the developers by Pearsons to a company pension fund client of Savills, is 5,300 sq. ft. and is let to a subsidiary of C. T. Bowring and Co. So the covenant is also good, and extra attractions are good car-parking (not always found in Basingstoke) and another third of an acre of undeveloped land for possible expansion one day. The price was around £650,000. If the sale were starting now rather than being just completed, the

price might be a bit higher, though the real heat may have moved up to the £1m.-£2m. office investments range. On the right is 83-87, Gracechurch Street, with an entrance in Leadenhall Street, where total area is 69,000 sq. ft. on basement, ground and eight upper floors. There are a dozen tenants, too, including some heavyweight names—C. T. Bowring one of them, as it happens, plus Barclays Bank, Commercial Union and Royal Insurance. Sellers were one of the financial backers of the collapsed David Lewis Group and the property has been on the market more than a year. Before that quite a lot of lease tidying-up had been done by agents Richard Ellis and Jones Lang Wootton. But buyers were still slow to

come forward until Pension Fund Property Unit Trust, represented by St. Quintin, Son and Stanley, settled at £8.7m. price. Net income is a bit over £700,000, and PFFUT reckon to see around 9 per cent, as reversions fall in by 1981 (the running yield on PFFUT units at present is 5.9 per cent.). The unit trust has taken rather the same sort of decision that it took in buying another large City block, City Gate House, from Electricity Supply Nominees, at an all-in price of £10.9m. to show 10.8 per cent. That was in a weaker market, and the Gracechurch Street block is in a far better location, and the management problems, and the antiquity of the building, has meant that the unit trust can again get an unusually high yield and clearing does not mind the secondary tag which most would apply to the investment.

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John, is it?



Low 3 higher on inflation news FOREIGN EXCHANGES Demand for £

BY OUR WALL STREET CORRESPONDENT

AIDED BY some favourable news about inflation, Wall Street managed a firm showing in moderate trading today. The Dow Jones Industrial Average improved 3.37 points to 864.86...

merge with Allegheny Ludlum Industries, jumped \$3 1/2 to \$49. While United Technologies, on receiving a Navy contract potentially worth about \$2.7bn, rose \$1 1/2 to \$38 1/2.

aided by Wall Street's overnight recovery. Among Dutch International, Unilever gained Frs.1.60 and Royal Dutch Plc.3.

In a fairly active foreign sector, dollar stocks were slightly firmer. Germans also hardened, while Dutch Internationals were very steady.

HONG KONG—Shares improved in quiet trading after an easier opening. Jardine Matheson were actively traded and ended at the day's best of \$HK14.70...

gold content widened to 3.69 per cent from 3.51 per cent for domestic and international gold content.

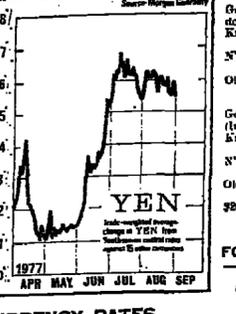


Table of Gold Bullion prices in various currencies, including London, New York, and other international markets.

THURSDAY'S ACTIVE STOCKS: Babcock Wilcox, Chevron, Westinghouse Electric, G.D. Searle, Farmco, etc.

OTHER MARKETS: Canada lower. The Toronto Composite Index lost 1.7 more to 1,001.4, while Gold, after recent strength, came back 4.7 to 1,067.3.

Public Bonds had gains to DM2.00 on balance, with the Regulating Authorities selling DM4.3m. nominal of stock after buying DM2.5m. on Wednesday.

JOHANNESBURG—Golds drifted down after Bullion indications and general lack of interest. Mining Financiers were mainly weaker in sympathy with producers.

Uranium made a mixed showing. Pancontinental firming 30 cents to \$A2.20, but Queensland Mines losing 10 cents to \$A2.40.

Forward sterling was very firm, with discounts against the dollar narrowing quite sharply. The three-month quote finished at 0.44 cents discount compared to 0.47 cents discount on Wednesday.

CURRENCY RATES table showing exchange rates for various currencies like the Dollar, Swiss Franc, and others.

FOREIGN EXCHANGES table listing rates for various international locations like London, New York, and Hong Kong.

NEW YORK DOW JONES table showing stock prices for various companies like Industrial, Finance, and Transportation.

INDICES table showing performance metrics for various market indices.

Y.S.E. ALL COMMON table showing stock prices for various companies in the Y.S.E. All Common group.

STANDARD AND POORS table showing stock prices for various companies in the Standard and Poors group.

EURO-CURRENCY INTEREST RATES table showing interest rates for various currencies and terms.

TOKYO table showing stock prices for various companies in the Tokyo market.

AUSTRALIA table showing stock prices for various companies in the Australian market.

BRASIL table showing stock prices for various companies in the Brazilian market.

OVERSEAS SHARE INFORMATION

NEW YORK table listing various overseas share prices and market data.

Stock table listing various international stock prices.

Stock table listing various international stock prices.

Stock table listing various international stock prices.

Stock table listing various international stock prices.

Stock table listing various international stock prices.

Stock table listing various international stock prices.

Stock table listing various international stock prices.





U.K. uses less softwood

CONSUMPTION of softwood has been steady in the second half of this year...

Australian arbitration bid in Japan sugar dispute

ALAUSTRALIA HAS daily rejected Japanese offers...

New talks on world wheat pact

DISCUSSIONS between the U.S., Canada, Australia and Argentina in preparation for the next International Wheat Council meeting...

U.K. GRAINS Heavy losses in the harvest battle

I STARTED as a dairy farmer, and a summer like this, with its intermittent rain, would have been a cause for thanksgiving...

FOREIGN EXCHANGE

Table with columns for various currencies and their exchange rates.

Aluminium scheme criticised

ALUMINIUM TRADERS in London have given a somewhat lukewarm reception to the scheme...

French coffee price cut ordered

PARIS, Sept. 1. FRENCH WHOLESALERS will be compelled by Government decree to cut their coffee prices...

British farmers back green krone stand

HENRY PLAMBE, president of the National Farmers' Union, yesterday backed the move to oppose devaluation of the Danish green krone...

COMMODITY MARKET REPORTS AND PRICES

Table listing commodity prices for various metals and grains.

Strike hits U.S. grain companies

CHICAGO, Sept. 1. A STRIKE by the local branch of the International Longshoremen's Association has hit four leading grain elevator companies...

Price changes

Table showing price changes for various commodities.

U.S. Markets

Table showing U.S. market prices for various commodities.

Advertisement for Victor Britain Chauffeur Drive Service, featuring a car and contact information.

COCA

Table with COCA prices and market data.

SILVER

Table with SILVER prices and market data.

COFFEE

Table with COFFEE prices and market data.

MEAT/VEGETABLES

Table with MEAT/VEGETABLES prices and market data.

RUBBER

Table with RUBBER prices and market data.

PALM OIL

Table with PALM OIL prices and market data.

JUTE

Table with JUTE prices and market data.

NOYABEAN MEAL

Table with NOYABEAN MEAL prices and market data.

FINANCIAL TIMES

Table with FINANCIAL TIMES data.

REUTERS

Table with REUTERS data.

QUICKSILVER TALKS PLANNED

MADRID, Sept. 1. The Association of Quicksilver Producers will meet in Geneva in the second half of September...

MOODY'S

Table with MOODY'S data.

STOCK EXCHANGE REPORT

Gilts and shares below best on sign of unaltered MLR Share index 1.8 off at 499.1—ICI and BP pleases—Banks up

Account Dealing Dates
Option
First Declared Last Account
Dealings tions Dealings Day
Aug. 22 Sep. 1 Sep. 2 Sep. 13
Sep. 5 Sep. 15 Sep. 16 Sep. 27
Aug. 8 Aug. 18 Aug. 19 Aug. 31

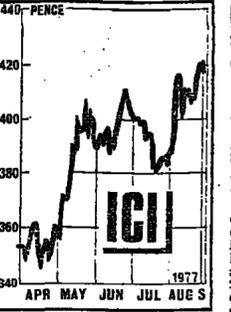
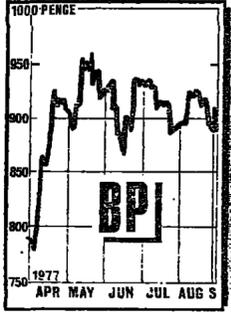
amount of Eschequer 12 1/2 per cent, 1994, also 115-paid, came on offer but it was absorbed by continuing overseas buying and the stock, after easing to 14 1/2, closed unaltered at 14 1/2. This was also the case with most other gilts and medium-term bills, which were mixed at the close but tending better in after-hours trading. The Bank of England signal for continued stability in interest rates, which virtually rules out a change in Minimum Lending Rate to-day, was accepted calmly. Immediate thoughts being that another cut is in the offing.

Church wanted
Leading Stores turned easier on end-account profit-taking. Marks and Spencer shed 4 to 13 1/2 as did Mothercare to 188p and Gussies "A" to 285p. Secondary issues, the interim figures took ICI down to 414p, before the better-than-expected second-quarter profits caused a rebound to 426p before a close of a net 3 down on the day at 418p. Elsewhere in Chemicals, Allied Colloids rose 7 to 255p and Williams Francis & Co. to 63p.

left Desoutter Broed up 4 to 96p, British Northrop up 5 to 214p, and Pegler-Hattersley hardened 4 to 190p.
Lindford continued firmly, rising 20 to a 1977 peak of 440p for a two-day gain of 40 following the interim figures. Rowntree's preliminary figures, Rowntree's Blackintosh were raised 5 to 327p, while Lockwoods, 102p, and United Biscuits, 102p, put on 4 apiece. Wharfedale featured Supermarkets with a rise of 11 to 224p in a thin market, while gains of 4 were seen in William

the results. Esperanza Trade and Transport put on 7 to 214p. On an investment recommendation, Braby Leslie added 5 to 76p, and higher first-half earnings left Metal Closures a penny dearer at 88p. Kleenex Industrial on the other hand, shed 6 to 200p on disappointment with the interim results.
Motors and Distributors closed with the occasional small gain. Associated Engineering moved up 3 to 121p, while Kwik-Fit, 70p, and Dowty, 160p, put on 3 apiece. Wadham Stringer hardened 3 penny to 323p on the record interim figures which accompanied the fund-raising proposals. Lucas Industries, a firm market of late on the large order from Volkswagen, eased to 307p before recovering a penny cheaper on the day at 308p.

151p. Property Security were prominent at 93p, a rise of 4, but the higher annual revenue failed to alter County and District, at 88p. Of the few dull counters, Harmsworth A reacted 6 to 517p.
Investment trusts were in better form. Atlantic Assets hardened 2 1/2 to 77p in sympathy with strength in Oil Exploration, while Aberdeen Investment, 40p, and Scottish Ontario, 103p, put on 2 apiece. Derby Trust Income improved 6 to 163p.
Apart from Furness Withy, 5 cheaper at 298p. Shipping closed near their overnight levels after a tobacco trade.
Tobacco gave up initial small gains and closed unchanged, BAT Industries closing without alteration at 280p, after 282p.
Primrose eased 2 to 45p, the dividend cut and poor preliminary figures outweighing the announcement that the company had received a formal bid from Property. Edwicks provided another casualty at 17p, down 3, on small selling in a thin market.



Small end-account profit-taking in leading shares was well absorbed and they put on a creditable performance illustrated by the loss of only 1.8 to 499.1 in the 30-share index. From its two-day advance of 16 1/2, which took it to its highest for 35 months, the index is currently showing a rise of 11.4 on the account which ends to-day and one of 14.4 on the year so far.
British Funds followed a similar pattern with quotations losing 0.6 to 11.4 in the index which, however, managed to end on a few minor improvements. Short-dated stocks ended narrowly mixed and the Government Securities index hardened 0.2 to 11.4. Despite the uncertain showing of leading shares, the underdone held firm overall and gains in FT-quoted Industrials outnumbered falls by 4 to 1. This reflected some catching-up by second-line securities after Wednesday's advance in the leaders, and although the FT-Actuaries Industrial group index shaded to 203.24, the 300-share and All-share indices both hardened further with the help of above-average rises in Oils and leading Banks. Trading was more active as measured by official dealings of 5,322 against Wednesday's 4,547 and the week-ago level of 4,597.

M. Wrightson slump
Acute disappointment with the first-half profits standstill brought selling of Matthews Wrightson, which fell steadily to finish 35 down on the day at 253p. Alexander Bowden was also depressed by a disappointing set of half-yearly figures and closed 10 easier at 183p after an active trade. Some other Insurance Brokers gave ground in sympathy, notably C. E. Heath, 3 lower at 243p and C. T. Bowring, 3 cheaper at 117p. Minet, on the other hand, advanced 8 to 186p.
Having been left behind in the recent market advance, the major elements of the index showed revived demand prompted double-figure gains. Midland were eventually 12 better at 210p, after 312p, and National Westminster 13 to the good at 246p, after 250p. Elsewhere, Bank of Ireland at 263p, and Bank of Scotland, 263p, both firmed around 10.
AP Cement remained the dominant feature in a firm Building sector, attracting further support and closing 7 higher at 260p, after 261p for a gain of 41 since the better-than-expected interim figures. Aggressive buying in a thin market helped Ecoma jump 18 1/2 to 72 1/2, while Bafco-Johnson were prominent at 121p, up 11. Bure Boulton added 10 to 180p and following trading news Derek Crouch (Contractors) and Parker Timber were both 2 better at 74p and 102p respectively. Phoenix Timber advanced 10 to 134p and improvements of around 3 were seen in Johnson-Richards Tiles, 270p, Marchwiel, 223p, Milhury, 53p and RMC, 107p. Wimpey gained more at 76p as did Taylor Woodrow to 410p. Recent nervousness about Miconcrete proved not unsharply lower first-half profits prompted a further decline of 9 1/2 to 50 1/2, after 48 1/2.

however, held firm with Church, popular in front of to-day's interim results, closing 13 to the good at 118p.
Leading Electricals met with a reactionary tendency. Reyrolle Parsons, at 217p, gave up 5 of the previous day's rise of 12 which followed shareholder's approval of the Scheme of Arrangement for the merger with Clarke Chapman. GEC lost a similar amount at 242p, while BICC, 119p, and EMI, 242p, shed 3 apiece. Among interim figures, the Miscellaneous Industrial majors generally closed easier for major. Bechem, a particularly firm market of late on the proposed 200 per cent. dividend increase and was up 7 to 78p in a thin market on the capitalisation proposals, while revived bid speculation took Furnell Electronics up 8 to a 1977 peak of 203p.
Firm at outset, the Engineering majors steadily turned easier as the day progressed on end-account influences. Hawker, at 186p, lost the previous day's improvement of 8, while GKN ended a penny off at 322p, after 323p. Elsewhere, speculative buying lifted Rotork 9 to 170p and Bullough revived with a gain of 11 to 130p. Reflecting the recent award of a lucrative contract, Matthew Hall added 7 to a 1977 peak of 201p and, buying in front of to-day's interim figures

Morrison, 162p, and Hillards, 154p, the last-mentioned being helped by recent trading news.
Trust Houses Forte edged up 2 to 164p in Hotels and Caterers where Labroke rose 3 to 181p. Queens Moat Houses were finally fractionally better at 22p, after 22 1/2, following the sharply improved interim figures.
Despite an early afternoon rally in sympathy with ICI's good similar amount, the Miscellaneous Industrial majors generally closed easier for major. Bechem, a particularly firm market of late on the proposed 200 per cent. dividend increase and was up 7 to 78p in a thin market on the capitalisation proposals, while revived bid speculation took Furnell Electronics up 8 to a 1977 peak of 203p.
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BP stimulates Oils
Second-quarter earnings well in excess of market anticipations not only raised British Petroleum issues but also aroused more interest in Oils generally. BP and the partly-paid group gained on both Sibsco (U.K.), down 14, ending late in the evening at the day's highest levels after a temporary minor reaction at around the official close. Shell, however, moved conservatively and settled only fractionally on balance at 396p, having earlier attained a peak for the year of 396p. Oil Exploration surged forward to 200p, a 1977 high, on rumours of a bid from either Phillips or Ultramar before ending at 194p, while Premier, which has a stake in the Oil Exploration, improved 1 1/2 to 19p, the last-named were also the subject of Press comment.
Reports that Barmal could face a substantial cancellation charge on two liquid gas carriers made no impression on the share price, unchanged at 68p, but end-account profit-taking took a toll on both Sibsco (U.K.), down 14, at 280p, and Viking Oil, 12 lower at 265p.
Properties generally gained comfort from the realisation that interest rates are likely to fall in the near future and featured above-average gains in selected stocks such as Stock Conversion, S higher at 216p, and Land Investors which, encouraged also by the increased earnings, advanced 1 1/2 to 112p. MFCP made a 1977 bumper dividend increase in an effort to fight off the unwelcome partial offer from Rheem International, a resurgence of speculation in the market prompted Scottish Metropolitan to improve to 85p and Bernard Sunley to improve 4 to 137p, while limited interest in a narrow market raised Corn Exchange 3 to

Easier Golds
Light selling towards the end of the Account took South African Golds slightly lower and the Gold Mines Index was 0.8 down at 111.1. The market was not improved by the drifting bullish price which eventually closed 50 cents lower at \$143.825 an ounce.
But business was not extensive and prices tended to subside on lack of interest. The buying of medium-price issues which had been a feature on Tuesday and Wednesday dried up, although no real selling pressure developed.
Among the heavyweights, Vaal Reef lost 1 to £10 and Randfontein fell the same amount to £24 1/2.
Turnover in De Beers was also lower than it has been recently. With U.S. investors holding off and some selling emerging from London, the shares drifted down 4 to 271p.
Australians lacked impetus despite higher domestic markets overnight. Premiums rallied after recent dullness with the pound's recent rising 75 to 73p and Peko-Walsend climbing 5 to 385p. Ocean Resources were 1 up at 20p.
Interest remained in AAR, the cost stock, following a revised bid from CSR, but it is still felt there might be another Australian bidder vying to come forward. Australian buyers were interested in AAR at 135p, but CSR were fractionally lower at 230p. Coppers remained subdued. There was some small business in Mincro at 135p in front of the annual figures.
U.S. interest in Malaysian Tin was met with some London selling and the shares rose 5 to 50p, a new higher for the year of 350p among generally quiet times. Gevor also gained 5 to 425p.

FINANCIAL TIMES STOCK INDICES
Table with columns for indices (Government Sec, Fixed Interest, Industrial Ordinary, etc.) and dates (Sept 1, Aug 31, Aug 20, Aug 10, Aug 2).

HIGHS AND LOWS S.E. ACTIVE
Table with columns for High, Low, and S.E. Active indices for various sectors like Govt. Sec, Fixed Int, Ind. Ord, Gold Mines.

OPTIONS TRADED
Table with columns for Deal, Last, Decl, Last, For, Last, Settling, Date, etc.

NEW HIGHS AND LOWS FOR 1977
Table with columns for Share, High, Low, and various stock categories like NEW HIGHS, COMMONWEALTH, FOREIGN, etc.

RISES AND FALLS YESTERDAY
Table with columns for British Funds, Corp. Bonds, Industrial, etc., showing percentage changes.

EUROPEAN MOTOR CONFERENCE
FRANKFURT - 12 & 13 SEPTEMBER 1977
A conference organised by the Financial Times and Automotive News
Chairman: Mr. Edgard Reuter
Sponsors include: THE SOLE OF THE STATE IN THE FUTURE OF THE CAR INDUSTRY IN EUROPE, INTEGRATION AND RATIONALISATION IN TRUCK MANUFACTURE, etc.

RECENT ISSUES
Table with columns for Issue, Price, Date, and various stock categories like EQUITIES, FIXED INTEREST STOCKS, 'RIGHTS' OFFERS, ACTIVE STOCKS.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries
Table with columns for EQUITY GROUPS, FIXED INTEREST PRICE INDICES, FIXED INTEREST YIELDS.

Registration form for the European Motor Conference, including fields for Name, Title, Company, Address, and contact information.

ACTIVE STOCKS
Table with columns for Stock, Denomination, No. of Shares, Closing Price, Change, 1977 High, 1977 Low.

FIXED INTEREST YIELDS
Table with columns for British Government, 1-10 year yields, and other interest-bearing instruments.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

ES STOCK MARKET: Table listing various stock prices and market indices.

UNIT TRUSTS: Detailed list of various unit trusts including names, managers, and performance metrics.

OFFSHORE AND OVERSEAS FUNDS: Detailed list of offshore and overseas funds including names, managers, and performance metrics.

BASE LENDING RATES: Table showing interest rates for various banks and financial institutions.

FOOD PRICE MOVEMENTS: Table showing price changes for various food items like flour, sugar, and oil.

CLIVE INVESTMENTS LIMITED: Advertisement for investment services, including contact information and a list of services.

INSURANCE BASE RATES: Advertisement for insurance services, including a table of rates for various policies.





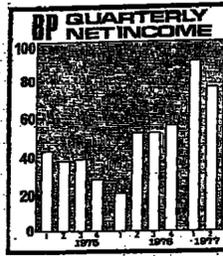


THE LEX COLUMN

Why ICI may fall back into line

Despite good figures from ICI and BP the equity market could not hold above the 500 P.T. Index level once it had become clear that the Bank of England wanted MLR to stay unchanged this week. Gilts, too, eased a little when the Government broker unexpectedly supplied the 1983 tap at 15 1/2.

Index fell 1.8 to 499.1



ICI continues to be the odd man out amongst the world's chemical majors. While almost all its international rivals have reported noticeably lower second quarter profits, ICI's pre-tax profits rose 11 per cent in the April-June quarter to £168m—stripping out exchange rate movements the growth jumps to over a third. With pre-tax profits of £308m under its belt after six months, ICI should comfortably top £600m for the year.

quarter were 7 per cent below first quarter levels.

Admittedly there were a number of special factors at work. Imperial Metal Industries had a very good first half—contributing an extra £7.8m—and Canadian Industries, where profits dropped by 43 per cent in 1976, had a strong second quarter which could have added another £10m, or so. Both must have had a material impact on ICI's overall margins which improved by over a point between the first and second quarters.

The BP prospectus went to some lengths to insist that the first quarter net income of £90.5m was "not necessarily indicative" of the full year's result. Stock profits were £25m in January-March but would be considerably less in the second quarter, while the two-tier OPEC crude price structure was biting, the European products markets were depressed, and Forties production at around 400,000 barrels a day would not be much higher due to temporary cutbacks during development work.

After rising by 3 per cent in the first quarter, volume improved by much the same amount in the second quarter, but then this tends to be ICI's strongest quarter traditionally, and virtually all the growth has come from North America. In Europe, where ICI is just about trading at a profit, there was no volume growth and prices, particularly on the fibres side, softened. Indeed after making a small profit in the first quarter, the fibres side moved back into the red in the second quarter, though the plan to break even by the end of 1977 as a whole.

Not surprisingly the analysts turned cautious, with predictions ranging from £70m, as low as £20m for April-June, and their nervousness might have been still more pronounced had they known that BP would be charging sharply higher depreciation against Forties following increased cost estimates for the field. Yet in the event BP has reported £75.7m for the second quarter, a decline which on the face of it could be entirely explained by the easing of stock profits to £10m. The shares jumped 20p to 910p.

In terms of volume and prices ICI's experience over the next six months should mirror that of its European rivals more closely than in the past. The key to its recent superior performance has been the buoyancy of its exports, but the firmer trend of sterling over the last few months is beginning to take its toll and significantly ICI's U.K. exports in the April-June

Certainly BP has had its problems, with 90 per cent of its crude coming from high-cost sources, and demand weakness spreading to chemicals. But the relatively steady Forties contribution is now big enough to dull the impact of problems in oil trading. Moreover, the second quarter has been a fairly good one for the brokers in its toll and significantly ICI's U.K. exports in the April-June

three months, and Sobis chipped in £4m more. The accounts will take months to reflect the impact of the ending of OPEC pricing from and of the production in Forties and Algas fourth quarter could however, and the analysis edging their annual forecasts towards the 90p a share. But it may take a revival Wall Street to cheer up share price, which has out on the recent London up-swing.

Insurance brokers. Bad interim results from Matthews Wrightson shadowed news of another performance by fellow insurance brokers Alexander & Co yesterday. Although half-year profits, in most expectations, are 25 per cent higher at £10.5m, the agency writing on behalf of worldwide groups of companies of which have some obligations, and the chunk of the business apparently placed as far as 1975. Rather worryingly, Wrightson adds that debt experience on reinsured business placed via agents through a maze of companies around the world has become more general problem. Wrightson's profits have been depressed by the fall of sterling, particularly the Canadian dollar, and continued losses on ship insurance. In contrast to its optimism in June the group is not giving any indication this year's outcome. One suggest a rise of up to 20p on the cards, leaving shares on a p/e of around 10.

Joseph launches attack on Scarman report

Tories firmly on side of Grunwick

BY RICHARD EVANS AND NICK GARNETT

SIR KEITH JOSEPH, one of Mrs. Thatcher's most influential policy advisers, last night aligned the Opposition firmly on the side of Mr. George Ward, Grunwick's managing director, by launching a scathing condemnation of the Scarman Report. At the same time Mr. Albert Booth, the Employment Secretary, issued a strongly worded statement which said, in effect, that the road to conciliation had come to an end and that the entire responsibility for the continuation of the dispute rested with Grunwick and its associates. In a bitter war of words, Mr. Joseph, MP for Hendon North, who has been advising Mr. Ward, said the Scarman inquiry had "debased" the whole courts of inquiry machinery as a way of resolving disputes. Mr. Roy Grantham, the general secretary of the Association of Professional, Executive, Clerical and Computer Staff, the union involved in the dispute, which is now preparing an appeal at the TUC for a trade union blockade of the North London factory.

side, while arguing that the company's punctilious observance of the letter of the law broke the "spirit" or the "policy" of the law. He complained that the report found the union "fully justified" in invoking the help of the trade union movement for mass picketing, even though it argued that violence should have been foreseen. Sir Keith described as the "essence" of the report the central recommendation that the company should reinstate the dismissed workers. "Yet the members of the industrial court do not seem to have even addressed their minds to the attitudes and likely reactions of the continuing workers." "The members of the industrial court know that reinstatement would be anathema to the employer, and have strong reason to believe that it would alienate the vast majority of workers who have stayed with the company and have suffered abuse and intimidation." "The recommendation of reinstatement is virtually unargued, and the difficulties not just glossed over, but blandly and completely ignored."

Portugal approves Renault expansion plan

BY ROBERT MAUTHNER

PARIS, Sept. 1

AN AMBITIOUS Frs.1bn. (about £120m.) project by the French nationalised motor car company, Renault, to expand its activities in Portugal, has been approved by the Portuguese Government. Under the project, which will now be negotiated in detail by the Portuguese Ministry of Industry and Renault, the French company plans not only to step up its production of cars in Portugal six-fold, but also to build a new engine factory and possibly set up a new assembly plant. Construction of a new engine plant, planned to have an annual capacity of 300,000 units in 10 years time, will begin at Setubal, near Lisbon, in 1980. Unlike the cars built at Guarda, which are destined entirely for the Portuguese market, engines for Renault's smaller models will also be exported to the company's car factories in Spain and France and possibly other countries. In addition, the company is

studying a project to convert a disused factory, also in Setubal, into an assembly plant for Renault 5 cars, but no final decision has been taken. One of the most important issues still to be negotiated is the financial contribution which the Portuguese Government will make to the investment programme. Once that has been decided, Renault will go ahead with expanding the capacity of its existing plant at Guarda, in North east Portugal, which builds Renault 4, 5, and 13 passenger cars. It aims to increase production of these models from 10,000 a year to 60,000 by 1983 or 1984. The French company has also agreed to increase the proportion of locally produced parts for its cars from its present level of 25 per cent to 60 per cent within the next five to six years. Our Lisbon Correspondent reports: The decision represents the first significant foreign investment since the 1974 revolution. It will create 7,000 new jobs in the next five years. The Portuguese Cabinet, which gave the go-ahead after a full session, sees the project as part of Portugal's strategy to gain admittance into the Common Market. The Portuguese Government is to participate in the new company's capital, probably becoming the major shareholder in the two assembly plants while the French company will control spare part and unit manufacturing plants. Part of the capital will be open to public subscription. Originally, the Government received applications from two French manufacturers, Citroen and Renault, to open plants in Portugal where the car market is considered an expanding one despite high sales taxes, and very expensive petrol. Renault held the place in the Portuguese market in 1976 behind Fiat and British Leyland.

Military balance of power moving against the West

BY MALCOLM RUTHERFORD

Continued from Page 1

THE MILITARY balance of power in Europe is moving steadily against the West, and some Soviet weapons are now superior, both in quality and quantity, to anything the West has produced, according to the latest figures from the London-based International Institute for Strategic Studies (IISS). The institute notes that while NATO has been recently modernising its forces, the Warsaw Pact has been modernising faster and expanding as well. Examples of Soviet superiority are given as surface-to-air missiles, certain armoured vehicles, and aircraft. In other fields such as tactical aircraft, where NATO has long relied on better performance to make up for any deficiency in numbers, the quality gap is said to be being closed by the introduction of the latest Soviet equipment. The institute says it is possible that the Pact's advantage in tank and aircraft numbers may again be reduced by the advent of new Western weapons systems, especially precision-guided munitions and new anti-tank and air defence missiles. But it concludes that the

pattern of the last few years has been a gradual shift in favour of the East. The comments, which must rank among the strongest the institute has made, appear in The Military Balance 1977-78, published to-day. Comparing the super-powers, the report puts U.S. conventional forces at 2.1m, and Soviet conventional forces at 3.7m. Although little significant change has occurred in the past year or so, this contrasts with the figure of about 3m, each which prevailed in the mid-1960s. A marked change has also occurred over the years in the strategic nuclear balance. Ten years ago, the Soviet Union was estimated to possess a total of 837 inter-continental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs) and long-range bombers. To-day the number is 2,321. The comparable figure for the U.S. to-day is 2,083, over 200 less than a decade ago. U.S. inferiority in the number of delivery systems is compensated by the possession of far more warheads—over 11,000 against an estimated 3,900 which

Weather

Table with columns for 'U.K. TO-DAY', 'BUSINESS CENTRES', and 'HOLIDAY RESORTS'. It lists weather forecasts for various locations including London, Edinburgh, Glasgow, and several holiday resorts like Alicante and Biarritz.

Rhodesia

Continued from Page 1. Britain wants to secure a mandate for the appointment of a special representative of the UN Secretary-General. He and the British commissioner designate would start detailed negotiations with all the Rhodesian parties. These talks would principally cover the law and order aspects. Dr. Owen said yesterday the British Government would not embark on the implementation of its proposals for the transitional government until it and Parliament were satisfied that there would be an effective ceasefire (to come into effect on "Transfer Day") and that all the parties agreed on the full arrangements for the transition. Lord Carrington, leader of the opposition in the Lords, underlined the Conservative Party's ultra-cautious approach to the White Paper proposals last night. He promised that the Opposition would give the White Paper the most careful consideration and welcomed the statement that, as a pre-condition to any settlement, fighting should stop. He welcomed the Government's intention that it should be the people of Rhodesia rather than any outside forces, who should decide what their future was to be. What had given the Opposition most concern was the plan to disband the Rhodesian security forces. "The arrangements for security leave much to be desired."

A few words about Tokai Bank's expanding international operations.

Advertisement for Tokai Bank featuring a cartoon illustration of a man and a woman talking. The man says: 'As you might know, Tokai Bank is one of the world's leading banks in the world with over 15,000 employees and 200 offices established in Japan itself.' The woman replies: 'It probably doesn't surprise you we're modern, progressive, and one of the first banks in the world to utilize on-line computerization in our banking operations.' The man says: 'What may surprise you is our commitment to international banking.' The woman says: 'Currently we're serving the world through loans. And also lending something as valuable as money. Financial advice gained through over 100 years of banking experience.' The man says: 'So don't just think of us as a Japanese Bank. Think of us as a bank that serves Japan and the world.' The Tokai Bank logo is at the bottom.

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